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FOREIGN MINISTER ON 'EUREKA,' TALKS IN USSR

PY271414 Buenos Aires TELAM in Spanish 1014 GMT 27 Jan 86

[Text] Buenos Aires, 27 Jan (TELAM) -- Argentine Foreign Minister Dante Caputo last night departed on a tour that will include several countries. The high point of the tour will be a visit to the Soviet Union where Caputo will sign trade agreements and pave the way for a summit meeting that President Raul Alfonsin and Soviet leader Mikhail Gorbachev will hold there in coming months.

Caputo described his trip as symbolic and explained that he will discuss with the Soviet officials such issues as detente, bilateral relations, Gorbachev's disarmament proposal, and President Alfonsin's upcoming visit to the USSR that will take place in the second half of this year. Caputo made these remarks last night at the Ezeiza International Airport shortly before boarding an Aerolineas Argentinas flight that took him to Paris, from where he will leave for his trip to the Soviet Union tomorrow.

During his talk with the press, Caputo also said that the Central American issue should be left in Latin American hands, although he pointed out that it is a source of regional tension and hoped that he would have a chance to discuss it with the Soviet Government.

Asked about Argentina's possible participation in the French defense plan called "Eureka," Caputo stated that offhand he would say no, but admitted that there are other Latin American countries that want to participate in this plan. Caputo also said that some European countries do want to participate in "Eureka," but we (Argentines) do not have concrete possibilities of joining the plan for the time being. He went on to say that we will have to make a considerable effort this year in order to overcome part of the severe technological lag of our Latin American countries.

Finally, upon being asked whether Argentina will purchase planes from Brazil or from any other Latin American country, Caputo answered that this question should be asked of the Argentine defense minister.

Caputo is planning to stay in the French capital until 28 January, when he will depart for Moscow, where USSR head of government Mikhail Gorbachev will welcome him upon his arrival. At the end of his visit to the Soviet Union, Caputo will depart for Hungary on 1 February for a 4-day official visit. From there he will go on to Geneva where he will address the UN Disarmament Commission on 7 February. Caputo's tour will end in New York where he will meet UN Secretary General Javier Perez de Cuellar to discuss the Malvinas issue.

PLANNING MINISTER ON STABILIZATION COUNCIL

PY271720 La Paz Cadena Panamericana in Spanish 1130 GMT 27 Jan 86

[Passages within quotation marks recorded]

[Text] Panamericana has interviewed the new planning and coordination minister, Gonzalo Sanchez de Lozada. We asked him why staple prices will be reduced at the same pace as the dollar exchange?

[Sanchez] "Well, I believe that in our new economic policy the government should not regulate prices but should rather try to guarantee supply and even try to create an oversupply to prevent speculation and hoarding of staples. We believe that this will be positive."

Sanchez announced that as of today the price of gasoline will be reduced slightly. But what will happen with other products? Will transport and staple prices be reduced?

[Sanchez] "Those who have bought merchandise at an expensive dollar exchange rate must become convinced that the dollar exchange rate will become stable at about 1.8 or 2 million Bolivian pesos. Therefore, they will have no option and will have to lower their prices or else [word indistinct] will decrease first, and they will have no market.

"However, despite businessmen's resistance to these priority measures, our most important task is to gain the people's trust. We did not fix the dollar exchange rate at 1.8 million arbitrarily. We first made technical studies about money issuance, inflation, and prices and concluded that the true exchange rate is 1.8 and that all other rates were just speculation. The logical result of this study was that prices fell as soon as it was announced that there would be a larger food supply because of the exchange rate.

"I believe that the plan [words indistinct] prices, therefore there is a larger offer, so we can now be certain that there is more flour, sugar, and oil. Now you will see how prices will fall further, to more realistic levels, and how speculation will end. This is not easy. I think it will still take about 2 or 3 weeks before we gain the people's confidence and they believe that the economy will really become stable. Then they will immediately start (?paying the prices). We will do everything possible without having to issue decrees or having to overburden anybody. We must ensure the reduction of prices to ensure a growing supply."

There will be no salary increase for the public sector, but the private sector is authorized to negotiate freely between workers and employers on salary adjustments.

[Sanchez] "It is not possible, because if we authorize a salary increase we will only encourage hyperinflation once again. The Bolivian people have many years, mainly the last 3 years, of experience which shows that great salary increases have simply meant that salaries were worth much less by the end of the month, and then things would start all over again."

Minister Sanchez remarked that the government's economic policy aims at strengthening the purchasing power of salaries.

He also said that negotiations will have to be held between bus drivers and the municipalities to reduce current fares, because, considering the dollar exchange rate and the stabilization tendency, there is no further justification to increase tariffs. Our last question was: What will the National Council of Stabilization and Economic Reactivation do?

[Sanchez] "Well, its main function will be that of control. No inflationary money issuance will be authorized without the approval of this council, presided over by the president. Its executive secretary is the planning and coordination minister. All the decisions of this council will be channeled through my ministry. It will verify that no misadjustments take place. It will really control the economic situation and make sure that hyperinflation will come to an end, once and for all."

The council is, then, an instrument of control, and it will also try to strengthen the efforts to solve our national economic problems, Minister Sanchez concluded.

COB Skeptical of Economic Model

PY271849 La Paz Cadena Panamericana in Spanish 1130 GMT 27 Jan 86

[Excerpts] Bolivian Labor Confederation [COB] leader Gonzalo Vizcarra Pando has told Panamericana that the workers are convinced that the new cabinet will not change anything; on the contrary, the government's economic policy will continue to be applied without improving the workers' salary situation.

[Begin Vizcarra recording] The COB, through its main leaders, has already expressed its position regarding the government's economic model. We believe that the planners of this model, like Minister Sanchez de Lozada and the finance minister, will not change their position of not increasing salaries. We workers are fully aware of this. We know that we will not obtain anything from them.

However, we are also aware that the purchasing power of salaries, which has been reduced to a minimum, cannot be recovered in the next weeks; we are sure of this. We do not believe in the government's promises, because the true facts can be observed in the markets, and the public is witness to what is going on. The working class, and the housewives in particular, are anguished at the current situation in which we can observe daily price increases, such as the one for transportation, which have served only to consume the 30 million Bolivian pesos of the workers' minimum salary. So workers are pessimistic about this matter. We know the model and its objectives, so we do not believe in any government statement or promise. [end recording]

Despite the Interior Ministry communique and commentaries by some government ministers and officials, the COB considers the 23 January strike totally successful.

[Begin Vizcarra recording] The proletarian sector, that is, the factory, mine, railway, and National Roads Service workers, dutifully complied with our strike on 23 January. This leads us to believe that this is certainly the beginning of a very long and hard struggle. We will systematically and gradually start to implement a series of new measures which will be subject to what may be decided by the COB Executive Committee, together with the most important national organizations. We do not want to precipitate anything. We will observe how the situation develops. We will wait for what the president says. We are waiting for his specific reply to the petitions presented to him by a minidelegation from the COB and under secretaries. We are waiting for all this, and later we will decide on our future measures. [end recording]

NICARAGUAN AMBASSADOR VISITS, SEEKS SUPPORT

PY271705 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 86 p 6

[Text] In Porto Alegre, Nicaraguan Ambassador to Brazil Jorge Jenkins Molieri has visited the legislative branch, the judicial branch, the mayor's office, and the seat of the state government. Jenkins Molieri has stated that during his stay in Rio Grande do Sul, which will last until 25 January, he will contact human rights organizations and church representatives in an effort to secure support for his country. During a press conference at the Organization of Brazilian Attorneys, Jenkins Molieri stated that he expects assistance from the Brazilian Government "to ensure peace." "We want the government and the human rights and solidarity organizations, the trade unions and professional associations to help us, thus preventing, through their support, U.S. military intervention in Nicaragua," Jenkins said.

According to Jenkins, Nicaragua also expects material assistance from the trade unions, the professional associations, and the church, such as shipments of medicines and foodstuffs, and technical personnel to work. Jenkins guaranteed that the Brazilians who went to Nicaragua to work in the coffee harvest are far away from the risk areas.

TUCANO PLANE CONTRACT REVIEWED WITH EGYPT

PY271906 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 24 Jan 86 p 6

[Text] Aeronautics Minister Octavio Moreira Lima yesterday received Arab Organization for Industrialization (AOI) President Ahmad Zandu Egyptian Air Force General Salih Musa, and Brazilian Aeronautics Company [Embraer] Director-President Colonel Osires Silva to discuss industrial matters of interest to the two countries, especially concerning the manufacturing of Tucano airplanes. The Tucano is an advanced training airplane used to train pilots, and offers handling similar to that of a jet.

According to Col Silva, the meeting was a courtesy visit to review a contract signed in 1983 between Embraer and the Egyptian Defense Ministry for the construction of Tucano airplanes. The parts are manufactured in Brazil and taken to the AOI, which represents a Middle East consortium for the production of war materiel, for assembly. Concerning this contract, the Embraer won a bid against the company Oerlykon, which manufactures the Pilatus airplane, and the U.S. company, Beechcraft, which manufactures the T-34 airplane. The contract foresses the construction of a total of 120 Tucano airplanes, 80 of which will be delivered to Iraq and 40 to Egypt. Eleven Tucano airplanes have already been delivered to the Iraqi Air Force. Each Tucano airplane costs $1.2 million.

This is the first visit the AOI president and the Egyptian Air Force general have made to Brazil and is part of the meetings between the two countries being held in Cairo, at the OIA headquarters, or in Sao Jose dos Campos, the Embraer headquarters.

New contracts between the two countries have not been signed. However, Col Silva stated that the Brazilian Government is very interested in reaching new agreements with Egypt for the production of war materiel because both the Egyptian Aeronautics Ministry and Defense Ministry are satisfied with the Tucano. Ahmad Zandu is leading a team which has been reviewing the contracts for a week. Zandu's visit will conclude today in Sao Jose dos Campos where Embraer and OIA representatives will sign a memorandum of the meeting.

POLITICAL OBSERVERS PREDICT CABINET CRISIS

PY280142 Santiago Radio Chilena in Spanish 2200 GMT 27 Jan 86

[By reporter Alejandro Guille]

[Excerpts] While the Democratic Alliance [AD] and the Popular Democratic Movement [MDP] are evaluating last week's critical situation, it has been assured that General Pinochet is going to announce important Cabinet changes on 31 January. The word crisis was repeatedly used by the press last week after the parties that make up the opposition AD were not able to agree on a joint response to the MDR's proposal for a single opposition plan for social mobilization aimed at recovering democracy.

It has been assured that the long-expected Cabinet changes will occur on 31 January. It is expected that Interior Minister Ricardo Garcia will leave. He came to the government as the man who was supposed to lead the country to a transition to democracy, which has not occurred. He reportedly will be replaced by the current Chilean ambassador in Washington, Hernan Felipe Errazuriz, who reportedly has good contacts in Washington and who can help improve relations with the U.S. Government.

However, observers are not too optimistic. They say that under the current circumstances, it will only be a change of name because the president is the man who makes all the decisions. They say that the Cabinet changes will not be of much value. They also believe that Health Minister Winston Chinchon is going to leave the administration because he is opposed by the professionals of the health sector. Observers feel that the government's goal is to ease the tense relations between the government and the health sector, which in the last few days has shown a great ability to mobilize.

Officials Refute Reports

PY271842 Santiago Radio Chilena in Spanish 1745 GMT 27 Jan 86

[Relay from Government Palace by Eliere Enriquez]

[Excerpt] Reliable sources at La Moneda Palace today denied the possibility of a Cabinet crisis as reported by some press sources. According to the report, within the next few days the executive branch will ask Interior Minister Ricardo Garcia and Health Minister Winston Chinchon to resign. However, Government Palace sources today categorically stated that the reports are completely untrue. [end relay]

CUSTOMS AUTHORITIES THWART WEAPONS CONTRABAND

PA270151 Madrid EFE in Spanish 0912 GMT 26 Jan 86

[Text] Medellin, 25 Jan (EFE) -- Customs authorities at the international airport in Medellin have arrested two men who tried to bring into the country contraband weapons concealed inside musical equipment and a suitcase. Brothers John Jairo Loaiza Rojas and Bernardo Octavio Loaiza Rojas 27 and 31 years old respectively tried to bring in a considerable number of weapons on board a regular flight of Avianca Airlines.

According to a Customs spokesperson at the Jose Maria Cordova Airport in Medellin, four submachine guns, two pistols, and their clips were found among the belongings of the two Colombian nationals who claimed to be businessmen in Miami (U.S.A.). The weapons, as well as a considerable amount of ammunition, were concealed inside sound equipment and in the bottom of a suitcase.

Customs officials reported that an UZI 9mm submachine gun, several 9mm Luger submachine guns, and .22 cal pistols were among the weapons seized. The authorities ordered an investigation to determine the destination of the weapons and redoubled vigilance at the air terminal.

3,000 TROOPS SENT TO FIGHT REBELS IN CAUCA

PA272009 Bogota Cadena Radial Super in Spanish 1730 GMT 27 Jan 86

[Text] Popayan -- The National Army has deployed 3,000 troops to counter the subversive attacks of the self-styled National Coordinating Board, according to military sources. It was learned that Cauca Department has been declared a fighting zone in view of the renewed activities of the M-19 [April 19 Movement], the Ricardo Franco, and the Indian Quintin Lame rebel groups, which have already left a toll of some 50 casualties.

BRIEFS

INCREASED OIL PRODUCTION -- Bogota -- According to Ecopetrol [Colombian Petroleum Enterprise], Colombian oil production increased by 16.83 percent; that is, 28,438 barrels by the end of 1985. The largest increase took place in joint production enterprises with Houston Oil and Occidental. [Summary] [Bogota Cadena Radial Super in Spanish 1730 GMT 25 Jan 86 PA]

DRUG ARRESTS, CHEMICALS SEIZED -- Two people were arrested yesterday and seventy 55-gallon drums with chemicals to process cocaine and other hallucinogenic drugs were seized during an operation against drug traffickers carried out by Medellin's metropolitan police. Jesus Emilio Marin, 57, and Andres Piedrahita, 19, were arrested during this operation. [Summary] [Bogota EL SIGLO in Spanish 21 Jan 86 p 2 PA]

PRESIDENT DENIES 'NEW SUBVERSIVE GROUP' FORMED

PA271810 Paris AFP in Spanish 1811 GMT 25 Jan 86

[Text] Quito, 25 Jan (AFP) -- Ecuadoran President Leon Febres Cordero denied on Friday that a new subversive group, which had allegedly occupied the Monument to the Heroes on Quito's Freedom Hill momentarily on Wednesday, had appeared.

The president told several correspondents and Ecuadoran reporters that accompanied him to the northeast Ecuadoran Amazon region yesterday: "I have official information that this action was carried out by a group of drunkards who, at the first shot fired by one of the troops guarding the monument and the museum, fled in a hurry."

On Wednesday, telephone calls and pamphlets sent to several media, including AFP, announced the appearance of a group called "Free Homeland Montoneras," which claimed to have subdued the four military troops that guard the monument, where the last battle for independence was fought in 1822, on the slope of Pichincha mountains in the outskirts of Quito.

The Montoneras had reportedly stolen several weapons and uniforms from the museum, which shows exhibits of the colonial and independence era.

Febres Cordero stressed that there are no guerrillas but that there are subversives [subversivos], "which is synonymous with drug traffickers. [no end quotation mark as received]

The group Alfaro Lives has been operating in Ecuador for almost 3 years.

CRUDE OIL PRICE DROPS TO $20 PER BARREL

PA260424 Madrid EFE in Spanish 0125 GMT 26 Jan 86

[Text] Quito, 25 Jan (EFE) -- Ecuador reduced the price of its oil on the international market to $20 a barrel, as a result of the plummeting world prices. The drop in the price of Ecuador's commercial crude has been continuous, and in the past 5 weeks it dropped by $5.00.

If one considers that for each dollar drop in the price the country loses $60 million in revenue annually, then the market crisis threatens to seriously harm Ecuador's economy.

In statements to Guayaquil reporters, President Leon Febres Cordero said yesterday that the situation is "very dangerous."

Meanwhile, the dollar quotation on the free market reached a record figure of 135 sucres in Quito and 137 in Guayaquil. President Febres Cordero blamed the latter on the "immoral speculation of a few individuals who want to profit from the free exchange market."

"This is not an important problem" he added, "as the free market dollar is not vital for the economy because it is only used to purchase luxury items, for trips abroad and other things of that sort."

The president said that to correct all of these anomalies "severe measures" will have to be adopted in short term. These measures "will soon be announced."

President on Price Level

PA250357 Paris AFP in Spanish 0218 GMT 25 Jan 86

[Text] Guayaquil, Ecuador, 24 Jan (AFP) -- President Leon Febres Cordero today admitted that the levels to which the price of oil has dropped "are dangerous not only for Ecuador but for the world," and that "the situation is serious."

"Even though we are prepared to confront the crisis, the crisis will vary depending on the level the prices may reach," he added, after insisting that the current levels are dangerous. However, he expressed optimism that the price on the market will recover.

The president regretted the fact that Ecuador does not have storage capacity. "That has been one of the biggest mistakes of the oil policy, despite the opinion of a certain whippersnapper" -- referring to General Rene Vargas, former Ecuadoran State Petroleum Corporation (CEPE) manager, whom Febres Cordero did not mention by name -- "who tries to come up with a policy every day without realizing that he is one of those responsible for this country's lack of storage capacity," Febres Cordero said. Febres Cordero stressed that as long as Ecuador does not have its own storage capacity it will have to sell its oil or leave it under the ground.

The president explained that the state has only partial control over the mechanisms to establish the prices of oil. "We do not know if we will be able to maintain our price on a market that is responding to an excess of offers based on limited demand," he added.

Finance Minister on Effects

PA271632 Quito Voz de los Andes in Spanish 1130 GMT 27 Jan 86

[Text] Finance Minister Francisco Swett Morales has stated that the government budget could be affected by 3 billion sucres due to the drop in petroleum prices. However, he stressed that the renegotiation of the foreign debt with better interest rate terms will compensate for the current crisis. Regarding the alternatives to face this crisis, the minister said:

[Begin recording, in progress] ...in economic policy to act solely on the supposition that petroleum price will be [words indistinct]. We have maintained and will continue to maintain the view that the market will continue to be moderate throughout 1986 and that there will be no drastic reductions. The government budget is based on a daily production of 283,000 barrels. According to Decree No 18, which establishes the increase in wages and salaries in 1986, any amount above 283,000 barrels will directly benefit the state budget. At this time, this amounts to 20,000 barrels a day, which permits us to compensate for the drop in prices. We believe that throughout 1986, the daily production rate will be maintained above 300,000 barrels and it might reach 305,000 or [figure indistinct] barrels. As I said, this will compensate for the figures estimated in the budget. As is known, business taxes have also been increased. We are also implementing a very exhaustive plan to collect business and income taxes, which we have always believed should be the main source of financing the budget rather than resources such as petroleum, which are unfortunately affected by the international market. [end recording]

That was Finance and Public Credit Minister Swett Morales referring to the complementary measures or alternatives to offset the impact of the drop in oil prices on the national budget.

POLICE PREVENT MOPOCO MEMBERS FROM MEETING

PY271213 Asuncion EL DIARIO in Spanish 26 Jan 86 p 14

[Text] Following orders from higher officials, the police yesterday prevented a plenary meeting of the Paraguayan Colorado Popular Movement [Mopoco] from taking place in Asuncion in the house of Julio Cesar Vasconcellos, at the corner of R.I. 3 Corrales and Boggiani Streets. A large police deployment could be observed since early yesterday morning around Vasconcellos' home where the Colorado Party dissidents' meeting was to have taken place. As they arrived, the participants were told by the police that the meeting was not to be held.

The host, Julio Cesar Vasconcellos, has reported that according to orders, the plenary meeting of their movement would not be allowed to take place anywhere in the country. He also reported that the Mopoco members had planned to analyze the Paraguayan political situation, during the plenary meeting as well as the national dialogue proposed by some political groups and in which the church had offered to mediate.

Further Restrictions Imposed

PY280156 Asuncion Radio Primero de Marzo in Spanish 2350 GMT 27 Jan 86

[Text] The police have imposed strong restrictions on members on the Colorado Popular Movement, Mopoco. Since last weekend, no more than three Mopoco members have been allowed to meet. Two Mopoco members were summoned early this morning to the Investigative Police Department. They are Anibal Abatte, a Mopoco leader who came from Foz de Iguazu for the meeting scheduled on 25 January, and Edgar Gimenez Meza, who also came for the same purpose from Buenos Aires. After being interrogated, they were allowed to return home. The police also took Eduardo San Martin, Antonio Gonzalez, and Waldino Ramon Lovera to the Investigative Police Department. Police guards have been installed in the hall of the Monumental Building to control the people entering the building, where Waldino Ramon Lovera has an apartment which also serves as an office of the Mopoco Political Committee.

PRESIDENT GARCIA TO VISIT EUROPE IN APRIL

PY251255 Paris AFP in Spanish 0012 GMT 25 Jan 86

[Text] Lima, 24 Jan (AFP) -- President Alan Garcia will travel to France next April, Congressman Carlos Roca, leader of the American Popular Revolutionary Alliance Party, said here today after a meeting in Government House with the president. He said that the two main activities on Garcia's agenda will be: First, to address the European Parliament in Strasbourg, and then meet with President Francois Mitterrand, at the French president's invitation. Roca will depart tomorrow for Italy and Spain to coordinate some activities related with the Socialist International that will take place in Lima in the next few months.

DELEGATION TO ATTEND HONDURAN INAUGURATION

PY250141 Paris AFP in Spanish 0341 GMT 24 Jan 86

[Text] Lima, 23 Jan (AFP) -- It was officially reported here today that a delegation headed by Senator Carlos Enrique Melgar will represent Peru at the inauguration of new Honduran President Jose Azcona.

Melgar, a prominent member of the ruling social democratic American Popular Revolutionary Alliance [APRA], will leave for Tegucigalpa tomorrow to attend Azcona's inauguration on 27 January. Melgar, who presides over the Senate Foreign Affairs Committee, will convey the personal greetings of Peruvian President Alan Garcia to his Honduran counterpart.

The delegation will consist of Melgar; Jorge Gordillo, Peruvian ambassador to Honduras; and Ambassador Jorge Vegas Nohrmann. Melgar will stay in Honduras for 3 days.

CONGRESSMEN ATTEND HAVANA EDUCATION MEETING

PY271403 Paris AFP in Spanish 1646 GMT 26 Jan 86

[Text] Lima, 26 Jan (AFP) -- Five Peruvian deputies left for Havana today to participate in a Latin American education and culture meeting that will gather personalities and experts on Latin American education. The congressmen are responding to an invitation from the Cuban education minister.

Chamber of Deputies Education Commission President Norman Arellano, who is heading the delegation, has reported that during the meeting opinions will be exchanged on literacy and teaching of handicapped children. Arellano said that teacher training and educational methods and programs, which are very important questions for the Peruvian Education Ministry, will also be discussed. The congressmen will be in Havana for a week.

BRITISH OVERSEAS COOPERATION OFFICIAL VISITS

PY271610 Lima Radioprogramas del Peru Network in Spanish 2300 GMT 25 Jan 86

[Text] The head of division of the British Development Division for Latin America and the Caribbean from the Overseas Development Administration of the British Government, Kenneth Woolverton, is in Peru for 7 days.

He is the head of the department charged with administering the British program of technical cooperation with Peru, which has a 1-million pound budget. He will meet with officials of the Foreign Ministry, the National Planning Institute, Electroperu, [words indistinct] so that he can evaluate the agricultural cooperation programs in Cajamarca.

INTERIOR MINISTRY OFFICIAL RETURNS FROM DPRK VISIT

PY251301 Lima America Television in Spanish 0300 GMT 25 Jan 86

[Text] Interior Deputy Minister Augustin Mansilla returned today to Lima from North Korea, where he had gone to purchase modern weapons for the police forces. Mansilla was welcomed by officers of the three police forces. Later, he went to Government palace to brief President Alan Garcia on the results of his trip. Mansilla declined to make remarks to reporters who were awaiting him at Lima's main airport.

COMMISSION CRISIS DUE TO 'GOVERNMENT INDIFFERENCE'

PY271640 Madrid EFE in Spanish 2327 GMT 25 Jan 86

[By Marisol Marin]

[Text] Lima, 25 Jan (EFE) -- Although Peruvian President Alan Garcia confirmed his confidence in the Peace Commission last night, the report this commission has submitted to the chief executive reveals that in Peru there are more than 1,300 reports on persons missing after having been arrested in the last few years, and that nothing has been done to bring the culprits to justice.

This report, to which EFE has had access, was delivered to President Garcia on 21 January together with the letter in which the members of the Peace Commission offered to resign and deplored the lack of political support for their proposals.

The six-member Peace Commission was created on 15 September 1985 after the discovery of two common graves in Pucallapu and Accomarca, the former containing seven bodies and the latter 69.

The commission was entrusted with reviewing the legal status of prisoners charged with terrorist activities, coordinating the expediting of trails, relaying to the government reports on violations of human rights, and establishing a dialogue with groups engaging in violence.

The commission's report states that out of the 1,300 cases of persons missing after their arrest there are 400 "fully documented" by a UN task force. It adds that "despite the seriousness of the problem and the fact that there is enough evidence for a trial, nothing has yet been done. Obviously a situation like this does not further pacification or full respect for constitutional institutions, or for the government elected democratically in 1985."

It also says that after 28 July, when the current [APRA] administration took over, the office of the provincial district attorney in Huamanga (Ayacucho) received 54 new reports of persons missing after being arrested.

The chapter on terrorism in the Peace Commission's report states that there are approximately 1,000 people charged with terrorism activities, and 96 percent of them are merely indicted, that is, awaiting the conclusion of the trial and sentencing.

The report deplores the fact that it never received any information from the Justice Ministry concerning the fate of 160 prisoners whose release the commission had been seeking in view of the lack of any concrete evidence that the prisoners had participated in terrorist activities.

Alan Garcia asserted yesterday that dozens of these people have already been released, while more than 100 others have benefited from the ruling of the state prosecutor that there are no grounds for proceedings against them.

In conclusion, apparently contradicting the chief executive, the Peace Commission's report asks that International Red Cross officials be allowed to enter prisons in the emergency zone, something which they have been unable to do since 1983, because it has been expressly prohibited by the political and military command.

In response to a reporter's question, Garcia answered yesterday that the Red Cross may enter the emergency zone. He added: "We have said that they can do anything they want to ascertain that we do not have torture or summary executions down here."

Despite the public support the president recently gave the Peace Commission, one of the commission members, who chose to remain anonymous, has said that the commission's crisis was "the result of the indifference of government branches in general and of the executive in particular."

He added that the commission held only one working meeting with the president, on 30 October 1985, and one other meeting with the members of the Armed Forces Joint Staff, and that the commission has never been provided with any means.

The Peace Commission member went on to say that during the meeting with the military the difference in viewpoints became obvious: "Their problem was how to win the war, while for us the problem was how to win it without razing everying to the ground: government institutions, the courts, etc."

The exact number of casualties in this war is unknown, but according to official estimates, some 6,000 people, mostly civilians, have died, and between 80,000 and 120,000 have been forced to leave their homes.

SEVERAL BOMBS EXPLODE IN LIMA COMMERCIAL AREA

PY241531 Paris AFP in Spanish 1554 GMT 23 Jan 86

[Text] Lima, 23 Jan (AFP) -- Lima police have announced that guerrilla commandos threw bombs at five large supermarkets, a movie theater, and a municipal building in Lima. The authorities added that the explosions, which occurred from 0300 GMT to 0900 GMT, caused substantial damage and slightly injured two people. Some suspects were arrested. In a telephone call to the offices of the Lima daily LA REPUBLICA, Tupac Amaru Revolutionary Movement (MRTA) guerrillas claimed responsibility for at least one of the attacks. The targets of this attack were the Sears supermarket in downtown Lima, which is two blocks away from Government Palace, the Galax supermarkets in Chacarilla, Todos in Salamanca district, and a Sears supermarket in San Miguel district -- where there was a partial blackout A municipal building and a movie theater in San Isidro were also hit. In what is the beginning of a real terrorist offensive, according to the authorities, last Monday in Lima, armed MRTA commandos hurled bombs at a hotel, a museum, five restaurants, and the Navy Ministry.

Meanwhile in Chimbote, 412 km north of Lima, MRTA commandos occupied a radio station and broadcast a subversive message.

At the same time, in Cerro de Pasco, 317 km east of Lima, the Maoist Shining Path guerrillas bombed the offices of the ruling Amerian Popular Revolutionary Alliance [APRA] party, a shopping center, and eight generators. The resulting loss of power caused several mines in that Andean region to stop operating.

Monday's attacks were also felt in the Ayacucho Department town of Huanta, a Shining Path stronghold, where government offices were hit, injuring 21 people and causing serious losses to mining activities in the central Andean area.

Police sources questioned by AFP today admitted that they have noticed the escalation of terrorist activities. Recent government announcements stated that subversion was subsiding and that the Shining Path organization had been virtually defeated in Ayacucho and the neighboring Apurimac and Cuzco Departments, and was moving to areas in northern Peru.

These government statements were followed by unofficial reports that the state of emergency in the areas affected by guerrilla activities would be lifted. The state of emergency was suspended in 10 of the 29 provinces under military control in December 1985.

However, several hours ago War Minister General Jorge Flores Torres stated that it is not true that the state of emergency will be lifted in the provinces that are not yet pacified. He added that an assessment of the current situation is being made, but failed to elaborate.

Thus far this month guerrilla activities have caused 21 deaths. According to police estimates, more than 7,000 people have died in the past 5 years as a result of guerrilla activities.

THIRD GROUP JOINS MRTA, SHINING PATH OFFENSIVE

PY252336 Paris AFP in Spanish 2256 GMT 24 Jan 86

[Text] Lima, 24 Jan (AFP) -- A third subversive group, the People's Revolutionary Commando [Comandos Revolucionarios del Pueblo -- CRP], today joined the offensive that is being carried out by the urban MRTA guerrillas and the rural Shining Path subversives.

A CRP detachment occupied a small printing shop this morning in a low-income sector of upper Lima and forced the workers to print a sign stating "No to APRA's surrender, OXY (acronym of Occidental Petroleum Corporation, the U.S. company that exploits oil in the Peruvian jungle) get out. The oil is Peruvian." The sign depicts a group of people marching and carrying flags and signs.

The CRP is a splinter group of the MRTA. It appeared in Lima some 3 months ago when it occupied the offices of the Spanish news agency EFE and a radio station. There is no information about its participation in terrorist attacks.

Meanwhile, the police have seized MRTA weapons and propaganda in a building they raided today in the San Juan de Lurigancho neighborhood of southeastern Lima. No arrests were made.

PRESIDENT TO DISCUSS OIL MARKET WITH LUSINCHI

FL271342 Mexico City NOTIMEX in Spanish 0115 GMT 26 Jan 86

[Text] Caracas, 25 Jan (NOTIMEX) The Presidents of Mexico and Venezuela, Miguel de la Madrid and Jaime Lusinchi, will meet in Mexico City next week to seek ways to avoid the worsening of the international oil market.

This announcement was made here officially by Venezuelan Foreign Affairs Minister Simon Alberto Consalvi, following a meeting with Mexican Secretary of Energy, Mines, and Parastatal Industry Francisco Labastida Ochoa, who said that a meeting of the continent's two largest oil exporters will contribute to the search for ways to alleviate the situation of the international oil market.

The energy secretary arrived here last Friday in search of agreements that may permit both countries to avoid possible decreases in the price of oil.

Labastida Ochoa said that Mexico and Venezuela can work together so the oil problem will not get worse. He explained that this is the goal of the meeting of Presidents Miguel de la Madrid and Jaime Lusinchi.

LABASTIDA TO ATTEND AZCONA DEL HOYO INAUGURATION

FL271620 Mexico City NOTIMEX in Spanish 0205 GMT 26 Jan 86

[Text] Caracas, 25 Jan (NOTIMEX) -- Secretary of Energy, Mines, and Parastatal Industry Francisco Labastida Ochoa traveled today from this city to Tegucigalpa, Honduras, where he will attend the swearing-in of Honduran President-elect Jose Azcona del Hoyo.

The official is the personal representative of President Miguel de la Madrid and is accompanied by Senator Antonio Riva Palacio, president of the Grand Commission of the Senate [as received], the under secretary of international cooperation in the Secretariat of Foreign Relations, Ricardo Valero, and the general director for Latin America and the Caribbean, Ambassador Carlos A. Icaza.

Labastida Ochoa visited Carascas to meet with President Jaime Lusinchi and Minister of Energy and Mines Arturo Hernandez Grisanti, with whom he spoke at length about the situation of the international oil market.

FINANCE SECRETARY ATTENDS LONDON DEBT MEETING

FL271640 Mexico City NOTIMEX in Spanish 2250 GMT 25 Jan 86

[Text] Mexico City, 25 Jan (NOTIMEX) -- Before Mexico adopts financial emergency measures because of the drop in the price of crude oil, the situation must be studied calmly and carefully, Secretary of Finance and Public Credit Jesus Silva Herzog has stated.

Silva Herzog said that, faced with a volatile situation, the consequences of the drop in the price of hydrocarbons on the international market must be reviewed carefully and prudently.

The Finance Secretary made the preceding statement before leaving for London, England, where he will participate in a financial meeting in which he and his Brazilian counterpart will present the Latin American point of view of the foreign debt. The participants in this meeting will also hold conversations with European ministers of finance who attend the meeting.

Silva Herzog ended by saying that it may be a good moment to review the problems that Latin America now faces.

The Finance Secretary is accompanied by the director of social communication of the Secretariat of Finance and Public Credit.

DATA BANK ACCESS AGREEMENT SINGED WITH USSR

FL272238 Mexico City NOTIMEX in Spanish 2155 GMT 25 Jan 86

[Excerpt] Mexico City, 25 Jan (NOTIMEX) -- The National Council for Science and Technology, Conacyt, and its Soviet counterpart have signed an agreement for mutual access to date banks.

Conacyt information services director Enzo Medina reported this during the plenary meeting of the National Committees of Data Banks held at Conacyt headquarters. It was decided that Cuba will be the communications link for the execution of the Mexican-Soviet agreement.

After signing an agreement with Cuba's Institute of Scientific and Technical [documentation] Information, another achievement will be the exchange of primary and secondary publications, such as translations. Traditional computer equipment problems will be solved by installing a Soviet machine.

MOLIRENA COMMUNIQUE VIEWS NATIONAL CRISIS

PA272250 Panama City LA PRENSA in Spanish 22 Jan 86 p 7 B

[Communique issued by the Political Commission of the Nationalist Liberal Republican Movement, Molirena, in Panama City, dated 20 January]

[Text] Analyzing the political, economic, fiscal, and social situation of the country at a meeting held on Saturday, 18 January 1986, the Molirena Political Commission decided that it is most necessary to make the following statement:

1. It is undeniable that the regime installed on 11 October 1968 has led the country to the disastrous situation it is enduring.

2. The regime is worn out, and the country cannot expect it to solve the grave problems Panamanians are facing.

3. An expression of this weariness is the fact that the government can find nothing better to do than resort to insults, slander, and diatribe to attack those who dare to dissent.

4. The situation of virtual fiscal and financial bankruptcy the Panamanian state is facing in its worst institutional crisis ever is the result of the waste, abuse, and irresponsibility that characterized the government of the so-called [revolutionary] process during the 17 years it has existed. This situation has forced the regime to accept conditions calling for structural and administrative changes and for the rationalization of public expenditures. These measures are necessary to begin marching on the road to fiscal health, but they have been imposed by international organizations, something that truly offends the sense of independence and dignity of Panamanians.

5. Regardless of the final result of the conflict currently taking place in the government between those who support the economic measures proposed by international financial circles and those who oppose them, the fact is that in view of the advanced state of deterioration the country is enduring, economic measures would be nothing but mitigation and will not contibute to resolving the profound political, economic, social, and moral crisis.

6. The essence of our problem is of a political nature, and so it is necessary to produce a profound transformation that will allow the country to have a truly civilian government under which the military will truly and definitely resume the professional functions of that sector.

7. Molirena reiterates the following:

a) Its opposition to the current regime and everything it represents.

b) Its certainty that the political, economic, fiscal, social, and moral drama the country is enduring demands the peremptory, active, and unselfish participation of all Panamanian sectors to secure a patriotic solution that will prevent the chaos toward which the continuation of the regime is pushing the country.

Panama, 20 January 1986

Political Commission:

Board of Directors: Alfredo Ramirez, president; Jorge Ruben Rosas, vice president; Abraham Pretto, vice president; Guillermo E. Quijano, vice president; Luis Guillermo Casco Arias, secretary general; Plutarco Arrocha, deputy secretary general; Sara de Paredes, secretary of records and correspondence; Alfredo Ramirez Jr., secretary of organization, Carlos Chambonnett, press and propaganda secretary; Otilia A. de Tejeira, secretary of culture and education; Temistocles Diaz Hijo, secretary of youth; Olmenares Quijano, secretary of Indian affairs; Guillermo Ford, member; Ricardo Aleman, member; Eduardo A. Valdes, member; Carlos Lucas Lopez, member.

Political Junta: Bernardino Gonzalez Ruiz, Gilberto Arias G., Mario Galindo H., Julio Linares, Ruben Dario Carles, Guillermo Ford, Olmedo Rosas, David Anguizola, Rene Crespo, Generoso Carles, Elio Arrocha A., Sergio Anguizola S., Tomas Jacome, Ruben Merel, Ramon Morales Quijano, Temistocles Patino, Jose Oller, Jesus Sierra Victoria, Jorge Velarde, Jaime Correa, Enrique Diez, and Belisario Adames.

NEW AMBASSADOR TO U.S. -- Deputy Foreign Minister Jose Maria Cabrera has announced the appointment of Kaiser Bazan as the new ambassador in Washington. [Summary] [Panama City EXTRA in Spanish 25 Jan 86 p 5 PA]

NEW UK AMBASSADOR -- London, 24 Jan (EFE) -- The Foreign Secretariat has reported the appointment of Margaret Bryan as the new British ambassador to Panama. [Summary] [Panama City LA REPUBLICA in Spanish 24 Jan 86 p 9 PA]

NEW ENVOY FROM PERU -- Lima, 24 Jan (AFP) -- Peru and Panama will sign a double nationality treaty, thus beginning "a true process of Latin America integration," Javier Ortiz de Zevallos, the new Peruvian ambassador to Panama, has announced. [Summary] [Panama City LA REPUBLICA in Spanish 24 Jar 86 p 9 PA]

COSTA RICA

FOREIGN MINISTER DENOUNCES NICARAGUAN ATTACKS

PA230436 San Jose Radio Impacto in Spanish 1830 GMT 22 Jan 86

[Text] Just as reported exclusively by the Impacto newscast, Foreign Minister Carlos Jose Gutierrez will send two protest notes to the Nicaraguan Government. The first will deny the accusations made by Sandinist authorities that Nicaraguan troops have been attacked from Costa Rican territory. The second note, also the second of 1986, will demand an explanation regarding attacks on our national territory and against residents of the northern zones, specifically in the area known as Montes de Oro in La Cruz Canton. In reference to this, Gutierrez said the following:

[Begin recording] We must say that the Nicaraguan Government seems once again to be making an effort to argue over incidents with Costa Rica. This coincides with certain circumstances such as the reappearance in BARRICADA during the past few days of a cartoon which is insulting to Costa Rica. It could be that this circumstance has emerged because the Nicaraguan Government is paying attention to elements unhappy over the lack of incidents with Costa Rica, but it is also possible that they are angered by the fact that the Costa Ricans are experiencing the conclusion of a free electoral campaign, and want to create incidents because of it.

However, there is no doubt that within the past 2 weeks we have again entered a phase in which the Nicaraguan Government is trying to establish incidents against us. [end recording]

The foreign minister also announced that he will head the Costa Rican delegation to the inauguration of Honduran President Elect Jose Azcona del Hoyo. Azcona's inauguration will take place next Monday. Dr Gutierrez will be accompanied by Public Security Minister Benjamin Piza Carranza, Liberation Deputy Bernal Jimenez, and [name indistinct] chief of protocol at the presidential palace.

Says Protests 'Lack Veracity'

PA271446 San Jose Radio Impacto in Spanish 1830 GMT 25 Jan 86

[Text] Included with two protest notes sent to the Sandinist regime by the Costa Rican Foreign Ministry is a reply to two notes sent by the Sandinist regime; the reply states that the charges lack veracity and seriousness.

The Sandinists protested attacks supposedly carried out from Costa Rican territory, including an attack on two Nicaraguan Air Force helicopters, and accused Costa Rica of violating the Guatemala agreement and permitting these incidents.

In this respect, Foreign Minister Gutierrez said the contrary has been proven, adding that there is a lack of vigilance on the Nicaraguan side, and not in Costa Rica.

Regarding the alleged violation of the Guatemala Agreement, in his reply to Nicaragua, Foreign Minister Gutierrez said that the charges filed at the OAS are based on assumptions lacking veracity and seriousness.

MORE ACTION AGAINST DRUG TRAFFICKING NECESSARY

PA260038 San Jose LA PRENSA LIBRE in Spanish 16 Jan 86 p 10

[Editorial: "The Drug Traffic"]

[Text] If Bolivia is the main raw material producer and the United States is the best final consumer, the truth is that cocaine -- the cornerstone of drug traffic -- was based in Colombia. A couple of years were enough, however, for Colombian authorities to destabilize the illegal trade and even force the drug traffickers to leave the country. Unfortunately for us, those traffickers had to find new bridges for their activities, and Guatemala and Costa Rica were favored with this dubious benefit.

If at the beginning we had doubts that the sophisticated drug traffickers would try to establish a base in our country, and if we even listened with some skepticism to reports of important drug traffickers already settled in our country, today the truth is that no one seems to have any doubt about this sad reality.

We have experienced isolated incidents that seem unimportant when they are examined individually, but that acquire importance once they are analyzed as a whole. Let us take, for example, the matter of massive imports of raw materials that are essential for drug production, or the mysterious small planes that appeared unexpectedly at airports in the country.

We do not know why the drug traffickers chose these two countries -- Guatemala and Costa Rica -- which are now serving as the new drug traffic bridges. However, Guatemala, which has no communist neighbors and does have a powerful Army, is a more problematical victim of the drug traffickers than our country is.

Therefore, the situation is even more difficult for us. Together with the drug traffic, we are also risking our political stability as a nation which, in addition to its disadvantageous position in comparison to Guatemala, is far too small to prevent the grand drug traffickers' great financial power from becoming an extremely manipulative force in our country.

On this subject, yesterday's editorial in our sister paper LA NACION noted the possibility of drug trafficking becoming "the most pressing problem of the coming years." We believe that is a valid possibility.

Inefficiency and corruption are serious national problems that impose a grave economic cost on the state. However, the drug traffic goes beyond this. It also threatens the health of our fellow citizens, mainly the youth, whose future is our country's future.

Unfortunately -- as was the case with terrorism -- the country's majority remains defenseless, if not to say actually careless. The country's majority seems to be unaware of this reality, the results of which could be more harmful than those of any of the other problems we are now facing.

We have several police units that have a certain expertise in this area but they act without any sort of coordination among themselves, and sometimes even with intense internal jealousy, in addition to their inability to win the trust of the international organizations, which are the only ones able to cope with an equally international problem.

What will it take to lessen the people's apathy?

What will it take to make the government decide to create a unit that is specifically charged with this matter, a corps that would be hierarchically independent of the action of middle level officials of dubious conduct? We hope to God that it will not require the death of our youths for us to stand up and take notice!

EL SALVADOR

CHURCH CONFIRMS CIVILIANS IN GUAZAPA 'TRAPPED'

PA271843 Paris AFP in Spanish 1706 GMT 26 Jan 86

[Excerpts] San Salvador, 26 Jan (AFP) -- The Salvadoran Catholic Church today reported an alleged military siege that is keeping approximately 1,000 civilians, including several wounded people, children, old persons, and pregnant women, trapped on Guazapa Hill where the Army is conducting a counterinsurgency operation.

Msgr Gregorio Rosas Chavez, the auxiliary bishop of San Salvador, said the Church has unconfirmed reports that approximately 1,000 civilians are surrounded by the Bracamonte and Atlacatl Battalions in Delicias and Platanares. "We fear for the physical integrity and the lives of these Salvadorans, and in addition we ask the authorities to act very carefully to avoid irreparable damage to innocent people," the prelate said during a homily at the Metropolitan cathedral.

Msgr Rosas Chavez also reported that 94 Salvadorans have died in the past 2 weeks, victims of political violence, according to information gathered by the Archbishopric's Legal Assistance Office. The bishop expressed consternation over the death of a 13-year-old boy whose body was destroyed by the accidental detonation of a mine left by the guerrillas on railroad tracks on the outskirts of San Salvador. The Church has criticized the use of mines by the guerrillas, and the bombings by the Armed Forces as well, because they are both claiming the lives of innocent victims among the people, the prelate stressed.

GUATEMALA

CEREZO EXPLAINS OBJECTIVES IN 24 JANUARY ADDRESS

PA270007 Guatemala City Cadena de Emisoras Unidas in Spanish 1230 GMT 25 Jan 86

[Text] During his first message to the citizens, among other things President Cerezo said he will review the so-called Rule Three, but he noted that this will benefit the citizens at large because only those importing luxury goods will be affected. He said Rule Three will curb the import of luxury goods, but will not affect the citizens at large.

President Cerezo said Rule Three will be reviewed to eliminate things affecting poor people. He added that it will continue to affect all those articles not consumed by the poor people, such as Mercedes Benz automobiles, Scotch whiskey, and fine liquors.

In his address yesterday, the president recalled that he had promised to solve problems in 126 days, and he asked for patience. He said that in less than 24 hours he already has in hand a problem that could take several years to solve. However, he said: We accept that challenge because we are ready to tackle it. He added that within the 126-day work program, decisions are being made on each main issue such as violence, housing, and the organization of the government.

President Cerezo said he inherited a structure that resulted from a special kind of government; whether it will turn out to be good or bad will depend on the results it can produce. In that government, a hierarchical structure made decisions that had to be implemented. Now, he explained, there is a government that will transform this hierarchical structure structure into a horizontal government in which everyone will have a say in government decisions.

President Cerezo, who likes to be called Companero Cerezo, confirmed that he will not implement agrarian reform in the traditional sense, but he said his administration will extend aid to small and medium-size farmers. In this regard, he referred to Quetzaltenango. He said this is a place with three different conditions, therefore problems will be solved in keeping with each condition and not in a general fashion.

Cerezo also commented on the problem of political exiles, but he linked it to the issue of refugees in Mexico. The president said political exiles will be allowed to return to the country when they wish to; they will enjoy all the security the authorities can offer. As for the refugees in Mexico, Cerezo said he hopes to solve this problem within approximately 6 months. He added that groups outside the control of international commissions tasked with supervising them can also return. In this case, they will also enjoy the corresponding securities.

A foreign newswoman asked the president whether the repeal of the amnesty decreed by the past government during his administration could bring about problems for him with the Army. Cerezo replied that the Congress would have to repeal the amnesty and thus it would be the Congress that would have problems with the Armed Forces. However, he emphatically said that what is being sought is the country's unity, not a confrontation.

Besides the statements revealed by the "Guatemala Flash" newscast at noon yesterday, President Cerezo made additional statements in his first press conference. For example, he explained his ideas of scheduling the issuance of official information and of organizing ministerial conferences once a week. President Cerezo said he will hold a news conference every 15 days and that ministers will take turns doing the same once a week, according to a schedule. According to the president, the objective is to provide information when the need arises, to prevent newsmen from chasing officials and to prevent officials in turn from hiding from the newsmen.

BRIEFS

NEW DEPUTY ECONOMY MINISTER -- Jose Antonio Blanco Gomez took over yesterday as deputy economy minister. He replaces Jose Alberto Herrera Ovalle. [Summary] [Guatemala City EL GRAFICO in Spanish 23 Jan 86 p 4 PA]

HONDURAS

AZCONA 27 JAN PRESIDENTIAL INAUGURATION SPEECH

PA271947 Tegucigalpa Voz de Honduras Network in Spanish 1620 GMT 27 Jan 86

[Presidential inauguration speech given by President Jose Simon Azcona del Hoyo at Tiburcio Carias Andino National Stadium in Tegucigalpa -- live]

[Text] Mr Former President Dr Roberto Suazo Cordova, your excellencies chiefs of state and government, your excellencies heads of special missions, Mr President of the National Congress, Mr President of the Supreme Court of Justice, Mr Commander in Chief of the Armed Forces, Mr President of the National Elections Tribunal, ecclessiastic, civilian, and military authorities, distinguished special guests, ladies and gentlemen:

At the supreme moment when I assume the presidency of the Republic, I want my first statement to be a sincere expression of acknowledgement for the noble and generous people of my fatherland. [applause] Through the elections process, until it ended on 24 November 1985, this people demonstrated that they are the builders of their own future. They became the expert teachers whose lesson of good citizenship and love for Honduras must always be in the minds -- as a guideline -- of the men and women of of this country who may have political responsibilities in guiding the nation's affairs.

Honduran people, today we are initiating a long and difficult road. We have many problems that will be difficult to resolve. Some of those problems perhaps have no possible solution. We are assuming this responsibility with which you have entrusted us with determination and firmness, with a creative will, and, especially, with the decision to succeed even if the challenge is a formidable one.

We will undoubtedly succeed if we all fulfill our obligation to be united, without reservations or egoism, in the struggle for the common good.

The national economy -- the basis for our entire social structure -- has suffered in past decades a growing onslaught from adverse factors that have not yet been brought under control.

Our economy is still pre-industrial. We export, basically, food and raw materials, and import manufactured goods that satisfy the needs of a rapidly growing population.

Our economy is totally open to the international market and therefore very vulnerable to the economic cycles of the industrialized countries, to the extent that if we do not export, we are unable to buy the goods we do not produce.

Having only a few products going to the foreign market, products that have little added value and that are subjected to arbitrary quotas, our trade terms continue to deteriorate rapidly. As a result of this our purchasing power has been reduced. Both the public and private sectors have become buyers of strong foreign exchange, especially of U.S. dollars. This is the only way they have found to finance the construction of roads, to build schools, to install factories, and to equip public and private buildings.

This has resulted in weak economic and industrial development because our economy is not self-sufficient.

This is what has led to the heavy debt with the foreign banks, something that has not strengthened our production; nor was the fact that loans must be paid back, and with interest, taken into consideration.

Our lack of vision ran parallel to the foreign banks' eagerness to gain profits. Now, the banks are urgently trying to collect capital plus interest. That is why it is necessary to point out the joint responsibility of debtors and creditors, because although we are not disregarding the acquired commitments, it would be unjust that payment of the foreign debt worsen the situation of hunger and poverty already burdening our people. [applause]

Therefore, we will seek through all available means to renegotiate our foreign debt, seeking -- if necessary -- solidarity with other Latin American countries who have the same problems due to the same causes. [applause] We must reorganize our finances and simultaneously try to improve the standard of living of the vast majority of the people. Food, clothing, housing, medicines, books, and recreation must be made available to the Honduran people. [applause] We will struggle so that the future will no longer be uncertain for the people, but rather so that it will be a horizon free from the threats of unemployment, hunger, and disease. In summary, we must struggle so that all Hondurans will feel that all of their rights are guaranteed, so they will fully enjoy their rights as provided for by the Constitution of the Republic.

Fellow citizens, in view of the need to solve such urgent problems, one must wonder: Will be able to do it? I state here today before the sacred symbols of the fatherland that we can do it, [applause] and I swear on our national flag that I will not rest nor will I give respite in the battle we now begin against poverty and backwardness. However, I must admit there are no magic formulas for promoting development and eliminating poverty. Since the beginning of mankind, now lost in the darkness of many years, work has been the source of well-being and wealth. Work is only possible with hard-working men who make good use of their intelligence in order to take advantage of nature's resources.

Although we must admit that our territory was not blessed with abundant fertile soils and mineral resources, we have the most available resource: we ourselves, the honest and hard-working people [applause], the Honduran people who here today renew their determination to struggle for a better future.

If it is a great challenge, then our determination must be greater.

The greater the problem, the greater our optimism must be. We must have faith in ourselves and believe in Honduras. We will not be free or independent so long as we lack faith in our capabilities and do not hold the country as our fundamental value. On the contrary, that will only make us less Honduran and make our country less ours. That is why today I ask the people to support me actively as a duty emanating from the vote that placed me in this position of leadership. That is why I ask the people who elected me to be responsible, as I pledge to look after the welfare of all and abide by the laws of the Republic strictly and honestly. [applause]

I announce here, before the entire nation, that I will not tolerate immorality in my government, [applause] nor will I tolerate laziness or neglectfulness. I will be inflexible in ensuring compliance with the law, and this includes Hondurans and foreigners. [applause]

Compatriots, during these, my first minutes as president of the Republic, I propose to the Honduran nation the establishment of a social pact consolidating the efforts of all the sectors representing our nationality in order to truly, and once and for all, promote economic and social development in seeking the common well-being. For my part, I solemnly promise that never, not even under the most adverse circumstances, will I subordinate the common well-being to personal interests or to any influential group. [applause] We maintain that new doctrines or ideologies are not necessary in order to achieve this patriotic and noble goal. What we need is steadfast determination, immutable honesty, and sincere love for our homeland and our people. Amid its shortages and limitations, Honduras has within its human capital a group of social organizations that are difficult to find in other latitudes. This, in addition to giving us pride, heightens in us faith and confidence in a better future.

In fact, the coordinated actions of these forces made it possible to overcome the 1985 political and institutional crisis and to have the most just and democratic process in our republican history. Although special provisions had to be adopted, it showed that the Honduran nation has the necessary resources to face any situation, regardless of how difficult it may be, as long as these resources are used according to their homeland's highest and most sacred interests. [applause] Those same forces, and others that may join them, must not take a rest now because following the solution of the institutional crisis it is necessary to accomplish the objectives that go beyond all this: the sustained and harmonious growth of our economy; the creation of wealth that must be enjoyed through its just distribution by all the Hondurans who contributed to building it with their efforts; and in sum, the general development of the Honduran population.

However, the social pact we are proposing does not mean that we are asking the various sectors to give up their struggles in defense of their legitimate interests. On the contrary, democracy means opposition and discussion; it is a struggle between conflicting interests. However, it is also negotiation, compromise, and agreement. This is the agreement, the national agreement I am proposing today. The organized workers in the rural areas and in the cities, business organizations, professional associations, political parties, the Armed Forces, and the church have a prominent role to play in outlining and administering the state because the state is just that, society in action.

This is my interpretation of the mandate I have received from the Honduran people. I have been elected to unite the Honduran family, conciliate interests, join efforts, coordinate the development process, correctly manage our national patrimony, and lead the great march forward, up to where we can reach. This is what I am talking about -- about the great national project, about conquering our productive borders, about making optimum use of our resources -- because our underdevelopment is due precisely to the fact that we are not using all our productive potential because we are working and producing far below our real capacity. [applause]

We must return to ourselves. We must find ourselves. We must trust our own strengths. We must overcome all difficulties. The truth of the matter is that foreign aid is not enough. No other nation will help us reach the goals we set for ourselves, regardless of what they are. We have unreasonably relied too much on foreign aid as the main thrust in our development instead of viewing it, as we should always view it, as a complement to our own effort, something we can eventually leave behind without it stopping our takeoff. What will we do then?

I have previously stated that human resources are our main source of energy to produce wealth. Therefore, we plan to mobilize the population that is able to work, taking into consideration the various degrees of training, natural ability, and skill available.

Since agricultural activity is the source of most goods used for local consumption as well as for exportation, it is in this area of the economy that we must place the greatest emphasis because it is there that we can employ, with a minimum of training, the largest number of people. To do this, we must speed up and expand agrarian reform. The land must be used for production. This is something that must be understood and accepted by all. Agriculture must help us solve the problem of unemployment in the rural sector by alleviating the demographic pressure in the urban regions. In addition, agriculture must become a reliable source of raw materials needed by the country's industrialization process. We have no doubt about this matter.

Similarly, the modern agricultural entrepeneur must receive greater incentive and protection because he will continue to be, for a long time, the pillar of our export economy and thus the key to obtaining the foreign exchange we need so much to purchase capital goods and to prop up our troubled balance of payments.

The development of agro-industries is closely related to our agricultural development. We need a greater aggregate value for our exports if we want to improve the terms of our trade with the rest of the world. In this regard, we are going to create the conditions that encourage local capitalists to invest in activities to process our primary products. Since the medium and small industries absorb the largest number of workers, it is in these levels that my government will place a priority interest. Of course, in our free enterprise system, it is the managerial sector that must become responsible for this sphere of production using all its creativeness, a firm will to invest in untapped areas of the economy, a strong will to work, and perseverance.

As far as we are concerned, we promise to give the necessary support and facilities. From the beginning, we will establish the mechanisms for permanent communication and consultation so that very soon everything we are announcing can become a tangible reality.

Since we urgently need to increase our exports to the utmost, and in view of the quotas imposed by our traditional buyers and other barriers that prohibit access to their markets, we must prepare to trade with all countries of the world. In line with this, we invite foreign investors, within a philosophy of mutual benfit, to invest in our country. For this reason, we are already offering them the necessary guarantee. [applause]

Unemployment has become the worst scourge of Honduran society. It is so insidious and harmful that, surreptitiously, it serves as fertile ground for an increasing social discomfort which, through the principle of quantitative accumulation, could become a rebellion against the institutions and sectors that make up the nation's economic, legal, and political structure. Thus, the implementation of regional and municipal programs and projects that imply the use of a large number of workers cannot be postponed. Therefore, the legion of unemployed individuals can obtain an income to meet their needs and those of their families. This is an action that also gives greater vitality to the local market and determines an increase in productive investments guaranteeing better levels of consumption and general welfare.

Regarding social assistance, we want to expand and improve it at the national level through the mobilization of two reserve forces that society has. I am talking about the young people and the women of Honduras.

Our young people are idealistic and willing to identify themselves with noble causes. They can and must be used to engage in a historic mission that they have never been assigned: to go to the four corners of this country, taking their knowledge and their solidarity to the communities that need it most. In this they will be performing various type of work of much social importance.

With the same trend of thought, women are both mothers and wives and because of this they represent the greatest moral force our society has.[applause]

Women have been, throughout our history, the main character in the human drama. They are the bulwark of the family. They represent the most noble values. Because of this we must incorporate them into the social-work world without negatively affecting the primary functions that only they can accomplish. First we must exalt them, giving them more culture and training, and then we will assign them important productive functions that will give them more dignity.

With the cooperation of women's organizations and with the assistance of already-existing international organization programs, we are imposing on ourselves the responsibility of supporting Honduran women as an indispensible factor for resolving social problems by increasing national production.

Concerning education, we are obligated to the Honduran people. There are many children who have not received a pre-primary and primary school education. There is a shortage of primary and secondary schools. We still have many illiterate people.

No country can readily achieve progress as long as a large percentage of the population remains in the limbo of ignorance. My government will take care of these problems as our resources allow us to face them. We hope we will meet with the goodwill of all Hondurans in facing this challenge with determination.

We must restructure our educational system at all levels so that it is based on the urgent tasks the nation's economic and social development will impose.

We must have a coherent and functional educational policy. We are sure that we have, as of right now, the support of the teachers' associations because teachers are the most important factor for securing this national aspiration. We are also sure that we have the support of the other sectors involved in the educational process, including, especially, our university.

Hondurans' health will be one of our fundamental concerns. For a human being to be productive, both materially and intellectually, he must be healthy. For this reason we will strongly fight the scourge that still negatively affects our people, especially malnutrition and endemic diseases that so cruelly punish our children and our adult population.

The rational exploitation of our natural resources represents the keystone of independent and continued development. The protection of our sea and forest wealth and of the nonrenewable resources of the subsoil must be secured by improving existing legislation in order to guarantee to today's Hondurans and those of future generations that they will be able to enjoy that wealth.

Citizens, our country's credit directly depends on how honestly we manage our resources. For this reason, honesty is an investment and a guarantee, as well as our best credential with friendly nations. While honesty is indispensible for our development, organization is a necessary complement.

In many and very important aspects, the Honduran states's administrative organization is anachronistic and contradictory. The repercussions of this situation on the government's executive functions is negative and counterproductive. We must modernize the state's decisionmaking process, not only by including modern techniques and technology, but by simplifying procedures and reorienting the state's administrative program.

Your Excellencies, heads of state, and honorable diplomatic missions, I want to express to you on behalf of the Honduran people and in my own name, our gratitude for your presence at the Honduran presidential inauguration ceremonies, to which you have imparted brotherly warmth and international importance. Feel welcomed to this solemn ceremony, which marks an important milestone in the firm process of democratic evolution and an affirmation of the Honduran nationality. You will take to your people the testimony of what has passed today in Honduras, which is a contribution to the cause of peace and harmony among the nations.

My government, which is beginning now, is completely aware of the grave problems that prevail in Central America and of the danger looming over us as Central Americans. This situation affects our country in particular because of our special geographic position.

Honduras has escaped the insurrectional whirlpool and the apocalypse of civil war.

We enjoy a peace that is the fruit of the efforts made by the Liberals during the progressive and democratic government headed by Ramon Villeda Morales and Modesto Rodas Alvarado. [applause]

Thanks to this, social pressures were channeled through great popular achievements such as the labor code, the agrarian reform law, the social security law, and the reinforcement of autonomy in education at the university level. From this starting point Honduras outlined its democratic path, despite later vicissitudes and retrogressions in constitutional stability. It is only fair to recognize the efforts to achieve national stability made by successive regimes that approved laws and created institutions for social benefit and development. This is why our country has successfully faced the challenges that historic events have posed. This is proven at this moment when a constitutional government is making way for the government I will head within the same legal framework.

We the Hondurans have learned to live by the law; peaceful coexistence is our main wealth. All of this reaffirms our conviction that to the extent that we are respectful of the rights we all have as sons of the same fatherland, disorder and violence will not find fertile ground in our soil. Therefore, I will not rest one moment in my determination to make sure that not even one Honduran lives thirsty for justice. I will be accompanied in this mission -- I am certain -- by the most illustrious minds and the highest spirits. We will all work to firmly establish a regime of equality and opportunities as the best antidote against the penetration of dissociating schemes of any sign whatsoever.

Our foreign policy for the Central American region will clearly be in the framework of respect for the sacred principles of nonintervention of one state in the affairs of another state and for the free self-determination of the people. Therefore, we demand that sister nations equally respect our right to act according to our own principles.

Regarding the manner in which the serious problems the Central Americans are facing should be solved, we here state our decisive support for the brave and generous efforts still being carried out by the neighboring governments of Colombia, Mexico, Panama, and Venezuela within the framework of the Contadora Group [applause] and the Support Group formed by Argentina, Brazil, Peru, and Uruguay as the most accessible means we have at this time to guarantee peace and harmonious coexistence among the countries of the region.

In this regard, we promise to intensify our efforts so the spirit of Contadora will be maintained until its ideals and objectives are fulfilled in a trustworthy and total agreement that can be adequately verified. [applause]

From this platform we offer our Central American brothers our clean and sincere friendship, inviting them to unite with us so that, free of discrimination, we can again start working on social and economic integration, as well as on broader cooperation in the cultural and technological fields. [applause]

To our Latin American brothers we say that although it is no longer possible to make the dream of Jose Cecilio del Valle and Simon Bolivar come true and to make our territories a single great nation, we can still increase our brotherly ties in defense of common interests such as renegotiation of the foreign debt and the struggle for better prices for the products we export. [applause]

We reaffirm to the United States our invariable friendship and intention of maintaining the ideals that unite us in the defense of pluralistic and participatory democracy, based on the intangibility of our sovereignty and mutual respect.

We also recognize the invaluable economic aid that it has constantly provided to our country.

To the member countries of the EEC, to Japan, to Canada and to other countries of the world that have shown their sincere interests in the solution of our problems with facts, we express our cordial greetings and heartfelt gratitude, and also our wish for better relations not just in the economic field, but also in the scientific, technological, and cultural fields.

Liberals, our party assumes the state's leadership for the second consecutive time. Without prejudice and with the natural rejoicing that this victory represents, in this hour let us meditate on the serious responsibility we have to the people. Those who think that the participation of our political adversaries in the state's branches will weaken my administration are forgetting the constitutional precept and republican principle that establishes the duty to seek national unity and strict independence among the state branches. [applause] My government has the firm intention to respect this independence to safeguard democracy and the people's sacred interests.

Fellow citizens, our country is facing serious problems that still have not been solved and that once again demand everyone's effort to move our country ahead. We will see that the effort made by the Hondurans of lower income is less burdensome and we will appeal to the goodwill of those who are able to make the effort to carry out a great collective effort. We are not planning on a government of class but on a government of common interests that deals with conditions according to circumstances, and on behalf of equity and universal justice.

To my fellow citizens and members of the other parties that comprise our pluralistic and participatory democracy, I want to let them know that criticism will not bother us and that we expect and want it because we believe the supreme interests of our country are above our differences. We feel that Honduras needs your patriotic cooperation in the common task to move our country ahead, make the great plan into a reality, and modernize and dignify our country.

To the commander in chief of our Armed Forces and to the other chiefs, officers, noncommissioned officers, and soldiers, I salute you as fellow citizens, friends, and as your general commander, fully trusting that you will continue to safeguard the nation's integrity, the authority of its legally established institutions, and the state's security. My government will support constant improvement in the military institution and its modernization and professionalization, cognizant of the fact that improvement of the soldier is a general education -- not just technical and military in its scope -- in serving the country, not just in times of peace and war, but in all aspects of the nation's life, bearing in mind that in every soldier we must preserve the citizen. [applause]

Hondurans, your decision -- stated during the 24 November elections -- puts me in charge of the nation's destiny. During the next 4 years, each day I shall honor the trust you have bestowed on me with dignity. I will prove that the people and government are as one in their goals and actions. It is evident that these efforts will only prove successful if I have the Honduran people's support, if I have the consensus of the women and men in my beautiful and tormented country. The Honduras that we begin today and the Honduras of tomorrow must be politically free, economically just, and socially open and progressive. Carrying my love for Honduras as a banner, I begin with enthusiasm and patriotism to fulfill my noble mission which, God willing, I will carry out with all the Honduran people's support. [applause]

Fellow citizens, let us pledge not to look toward the past, except to avoid making the same mistakes. Let us look toward the future, ready to wage our battles with chivalry, courage, and all our hearts. [applause]

I assume the presidency with humbleness, with the mere intention of doing good. Hondurans, the future is ours, let us advance with a firm step. Thank you. [applause]

I would like to present my apologies to the outgoing president because we skipped the paragraph dedicated to him. I now want to bid farewell -- with respectful and warm regards -- to the outgoing president, Dr Roberto Suazo Cordova. I ask God that when we conclude the term we now begin, I may be able to transfer the presidency of the Republic to another citizen who has been freely elected by the Honduran people, as President Suazo Cordova did with the nation as his witness. Thank you. [applause]

NICARAGUAN VICE PRESIDENT ON TALKS WITH AZCONA

PA280358 Managua Domestic Service in Spanish 0047 GMT 28 Jan 86

[Interview with Nicaraguan Vice President Sergio Ramirez by an unidentified reporter at the presidential house in Tegucigalpa -- live]

[Text] [Reporter] How was your meeting with President Azcona?

[Ramirez] It was positive. We had a pleasant conversation. President Azcona was frank and uncomplicated. We Nicaraguans like that. We discussed Guatemalan President Vinicio Cerezo's proposal for a meeting of Central American presidents in Esquipula, Guatemala. President Azcona agreed that it should be held as soon as possible. Nicaragua will attend this meeting as soon as a date is decided. President Ortega will attend the meeting.

[Reporter] Did you discuss the presence of counterrevolutionaries in Honduran territory?

[Ramirez] We did not delve into any specific subject. We discussed general issues and decided to hold bilateral meetings not just between our foreign ministers, but also at economic and other levels.

[Reporter] At a military level also?

[Ramirez] Yes. We believe that bilateral meetings between our border military commands are important for pacification of the border zone.

AZCONA SWEARS IN NEW GOVERNMENT 27 JANUARY

PA272323 Panama City ACAN in Spanish 2221 GMT 27 Jan 86

[Excerpts] Tegucigalpa, 27 Jan -- Honduran President Jose Simon Azcona del Hoyo swore in his government this afternoon and immediately held his first work session.

Azcona urged his ministers to "work intensively and without time limitations for the sake of public administration and the Honduran people, without political discrimination and prejudices of any kind."

He added: "I have chosen you according to my criteria and knowledge of your capabilities; however, I expect you to respond to the confidence I have entrusted in you with hard and dignified work within this new government."

HONDURAS

FOREIGN MINISTER HOLDS 24 JAN PRESS CONFERENCE

PA250300 Tegucigalpa Radio America in Spanish 1814 GMT 24 Jan 86

[Press conference by Foreign Secretary Edgardo Paz Barnica on 24 January: place not given -- live or recorded]

[Excerpts] [Paz Barnica] The reason I invited you here is primarily to thank the national media and the foreign correspondents very much for all of the valuable cooperation you provided this Foreign Ministry during my 4-year tenure. Your collaboration has been very valuable when you recognized the Foreign Ministry's efforts as well as when you asked questions or made criticisms that I considered constructive. I believe a country cannot function if the reporters do not make healthy and constructive criticisms, which are necessary for the official's public actions, which are dedicated to national public opinion, and, in the Foreign Ministry's case, also to international public opinion.

Despite our good faith, the Salvadoran Government refused to be flexible during our negotiations. In this regard we are left with the judicial (recourse) to appear before the International Court of Justice, which is the highest court of justice in the world, and which is part of the UN Charter. I believe that the problem with El Salvador is Honduras' basic problem. When I have spoken of the Hondurans' unity, the spirit of tolerance that exists between the Honduran leaders and the masses, it is precisely because we are facing serious problems, very difficult problems, threats to our democratic system. There is the border problem with El Salvador, which requires great unity among all sectors of Honduran society, but with a spirit of tolerance, kindness, [word indistinct], and understanding. I want to render this tribute of sympathy, respect, and admiration to the Honduran Armed Forces as they are structured at the present time and have been since 31 March 1984.

We are handling Central American relations with satisfaction and also with difficulties and vicissitudes because of the complexity of these relations and because of Honduras' geopolitical location. Honduras is surrounded by countries with internal conflicts. We have had very serious difficulties with Nicaragua, which is logical. However, we have overcome them even though our two countries have antagonistic political systems -- totalitarianism and democracy -- which is a very serious issue in Honduras; this is why we hope the Central American conflict will be resolved within a short time through a peaceful solution, not a military solution, which I do not believe any well-intentioned Central American desires. This regional conflict in Central America must be separated from the East-West conflict because the situation is very serious, very delicate. There are foreign interests that clash with ours, even though we maintain that we are allies of the democrats.

We have continued to negotiate with the United States, and we have maintained our traditionally brotherly relations, which we have strengthened and are trying to strengthen even more. We have found understanding, and we have found difficulties at certain times. I believe that Honduras and the United States should continue walking together but with mutual respect, guaranteeing Honduras' dignity, sovereignty, and independence. I have always found the necessary understanding and cooperation in Secretary of State Shultz and in the diplomatic representatives accredited in Honduras.

At times there were difficulties, such as when the Honduran Government sought negotiations when the Armed Forces were internally restructured and when the National Security Council on behalf of President Suazo Cordova made serious efforts to have the military mutual support agreement of 1954 revised and to review all security and economic cooperation agreements. Honduras supported the designation of a high level commission by the U.S. Government, and Honduras named one immediately. Later, sub-commissions were designated for each of the two issues, and progress was made. Of course there were a few difficulties in these negotiations. There was not always full receptiveness on the part of McFarlane, the national security adviser at that time, or on the part of Langhorne Motley, under secretary of state for inter-American affairs at that time.

There were difficulties with them: they forgot that we are a small but dignified country, small but sovereign, small but independent. Once these problems were overcome, they even had the Honduran Government -- through me, who now addresses you as the foreign secretary -- present a note of protest to the U.S. Government bec se of Mr Motley's behavior. Difficulties were overcome, and I believe that everyday relations between Honduras and the United States are further strengthened.

If we are democrats we must side with the democrats. If we advocate independence, we must make our independence respected. If we say that our national sovereignty is guaranteed, we must also make this sovereignty respected. I believe that we must live either in a free world or in an enslaved one. This struggle between democracy and totalitarianism is taking place in a world of dramatic connotations. I, logically, am inclined, or rather am a fervent supporter of democracy.

I believe that the political organizations are the basic pillars of democracy. The political parties are public law organizations. In Honduras we have four political parties. I believe that each party must resolve its own problems based on understanding. I also believe that the elite cliques or the obsolete cliques that ist in the traditional political parties must begin to disappear. This is essenti l for the activation of democracy and for group interests, rather than personal interests, to prevail.

With this spirit I greet you and inform you that as of tomorrow, we will be at the airport welcoming our foreign guests; chiefs of state; heads of government, vice presidents of friendly countries' foreign ministers' interior minister; as in the case of Spain because its delegation is headed by the Spanish interior minister; ambassadors and special envoys. I also wish to say that we deeply regret that due to last-minute problems, urgent problems of state that must be attended to on Monday, we were officially informed today that his excellency Colombian President Belisario Betancur will not be able to attend the swearing-in ceremony and that the Colombian delegation will be headed by a presidential delegate, who also happens to be the foreign minister, Augusto Ramirez Ocampo. We have also been advised, without explanations, through a diplomatic message that we received today, that the Nicaraguan delegation that will arrive on Monday, and return to Nicaragua on the same day, will be headed by Nicaraguan Vice President Sergio Ramirez Mercado and not by Nicaraguan President Commander Daniel Ortega.

Apart from this, all is going very well, and I reiterate, to all of you, my fraternal appreciation for your cooperation.

[Unidentified reporter] Mr. Secretary, we have heard that Nicaraguan President Commander Daniel Ortega had his reasons for postponing his trip to our country. It is being said that it was because Honduras did not authorize the entry into the country of the security personnel he wanted to bring.

[Paz Barnica] A few days ago an advance delegation came to Honduras to prepare Commander Daniel Ortega's visit to our country. He would have been received as a guest and we would have been the hosts. He would have received all the considerations that our guests deserve, a guest who is the president of a country with which we have relations and with which we also have very serious difficulties. This advance delegation was headed by Nicaraguan Deputy Foreign Minister Jose Leon Talavera. They met with the commission, with the transfer of power commission coordinators, and with members of the Armed Forces. They were offered every cooperation.

As you know, Commander Ortega was invited to the inauguration by President-elect Azcona himself. The Honduran Foreign Secretariat also sent invitations to all the governments with which we have diplomatic and consular relations. Therefore, the postponement of the visit has not been for the reasons you mentioned. I do not know why he is not coming, he may have a problem. Well, Nicaragua has a permanent problem that keeps getting worse. Perhaps this is the reason he has to postpone the trip. Commander Ortega was to arrive on Monday morning and leave on Monday afternoon. I understand that Vice President Sergio Ramirez will arrive on Monday morning and leave on Monday afternoon. My esteemed personal friend, Nicaraguan Foreign Minister Miguel D'Escoto, will also attend the ceremony. Other members will also attend the ceremony.

[Unidentified moderator] The LATIN-REUTER representative will ask a question.

[LATIN-REUTER representative] Why has this government never admitted the presence of the counterrevolution in Honduras? Would you recommend that the next government continue denying their presence?

[Paz Barnica] This is not a country of ghosts. This is a country of national and foreign human beings who legally or illegally live here. What is important is that our laws be respected. Right? God made the world to see it, feel it, and touch it. I wish to tell you that in 1979, and this I have repeated so many times that I get hoarse, there were 52,000 Nicaraguans here in Honduras. They would cross the border to make the revolution. I was very much in favor of that revolution, the Nicaraguan revolution. Unfortunately, it became radical and turned into a betrayed revolution.

The Nicaraguan insurgency, just like the Salvadoran insurgency -- but we are specifically talking about the Nicaraguan insurgency -- cannot be viewed in an isolated manner. It must be seen from the regional, overall, viewpoint. It is one of the signs of the Central American crisis, just as the illegal traffic of weapons, the refugees, the acts of destabilization, and the arms race, etc., etc., are also signs of this crisis. The Nicaraguan insurgency is against the kind of government existing in Nicaragua, a government that denies freedom violates human rights, and is more and more moving toward totalitarianism of the extreme left. As far as I am concerned, the extreme right and the extreme left are Siamese twins. Therefore, we see that there is an insurgency, and this affects us. They come here. I once said, and someone told me that it was not a very diplomatic thing to say, that an abusive man called Steadman Fagoth should be kicked out because he made statements against the Nicaraguan Government here in the country.

But this is not the issue. The important thing is to resolve all these problems, problems that affect us. We just can't build a Berlin Wall at the border between Honduras and Nicaragua, nor can we put our Armed Forces with its 18,000 soldiers to set up a cordon at the border to protect and guarantee Nicaragua so that it can continue to trample on the rights and aspirations of the Nicaraguan people. We can't do this. We have three borders and all sorts of problems that must be resolved, that must be taken care of.

Nicaragua has an internal problem that affects Honduras, Costa Rica, El Salvador, and Guatemala. If this is the case, then let us resolve the problem within the framework of the Contadora Group. The new government, President-elect Azcona, has already expressed its support for the Contadora Group. Carlos Lopez Contreras has actively participated in the Contadora negotiations and other negotiations involving our foreign policy. I am sure that the Honduran constitutional government will continue to give its full support to the Contadora Group and that this is the basic and best legal and political framework to resolve these problems, which are the dramatic signs of the Central American crisis.

[Moderator] Journalist Noel Leiva from TIEMPO.

[Leiva] Charges have been made regarding this region. The U.S. press has stressed and even presented evidence of the Honduran Army's collaboration with the anti-Sandinist groups. You have continued to deny this. The government has clearly said: We cannot acknowledge the presence of the counterrevolutionaries. Apparently, the government is in effect saying: We cannot acknowledge their presence here officially, yet we know they are in our territory. We would like you to explain this to us and, in addition, whether President Suazo Cordova has authorized -- before he leaves -- the passage of nonlethal aid for the Nicaraguan rebels.

[Paz Barnica] [Words indistinct] has been repeated. The first one has already been asked and I told you that this is not a country of ghosts. We know, see, touch, and feel each other, both nationals and foreigners. Right? I have already told you the nature and the repercussion of Nicaragua's domestic crisis. This rebellion indicates a crisis and a domestic political armed conflict that urgently demands a national reconciliation process with the Nicaraguan political and armed opposition forces, as Contadora has demanded. Nicaragua no longer has the credibility that it enjoyed in the world at large until some time ago. It does have credibility in the Eastern world with its political and ideological systems. Yet Nicaragua has lost credibility with those constant outrages. This problem has repercussions on us. This is part of an overall crisis that demands an overall and regional solution.

Regarding the other question, you know that an unauthorized aircraft unexpectedly arrived here from Florida [as heard] some weeks ago carrying a load of the so-called nonlethal aid. You also know that the aircraft was surrounded by the Armed Forces. I think even U.S. journalists were there. This load was seized and later returned to its place or origin. The Honduran Government has not authorized this aid, I mean, this procedure that you mention.

[Moderator] Patricia Murillo, correspondent of Spain's ABC.

[Murillo] Mr Foreign Secretary, in the past few weeks, the Contadora and the support groups, as well as representatives of the other Latin American countries, held an important meeting. As far as I understand, the spokesman for the group -- which in the end drafted a document called the Caraballeda message for peace, security, and democracy in Central America -- said that, in order to find a Spanish-American solution for this problem in Central America, the elimination of the Central American countries' armed structures is fundamental. He also questioned the military exercises in these countries. I think this document will be presented to the EEC and at the Nonaligned Movement's next meeting in New Delhi. Knowing well that you boast of advocating the best diplomacy by telling the truth, I would like to ask you what probabilities do you truly assign to the Contadora Group for it really resolving the Central American problems on a short-term basis.

[Paz Barnica] First of all, let me tell you I firmly believe that Contadora is an adequate channel to resolve the Central American crisis.

Contadora must rely on the cooperation of the Central American countries and the political willingness and the good faith of the Central American governments and those from outside the region that are directly interested in the Central American problem. Now, Caraballeda. The Contadora foreign ministers and the four foreign ministers of the Lima Support Group met in Caraballeda on 11 and 12 January. The latter group is formed by Brazil, Argentina, Uruguay, and Peru, and the Contadora Group is formed by Venezuela, Colombia, Panama, and Mexico. In Caraballeda, they issued an important statement that they called the Caraballeda message for peace and cooperation in Central America. I traveled to Guatemala on the afternoon of Sunday, 12 January, to attend the inauguration of President Vinicio Cerezo. In this country, I received the Caraballeda statement and described it as excellent. Meanwhile, a team of advisers analyzed the statement at the foreign secretariat.

What is the declaration of Caraballeda? The declaration of Caraballeda is a group of norms aimed at establishing a consensus of wills in Central America, supported by Latin America, to create a climate of trust that allows the necessary mechanisms for achieving a solid and durable peace in the region. When I talk about adequate measures for creating a climate of trust, these range from political and security matters -- which are the most sensitive or critical and irritating -- to economic cooperation for social development. In other words, these measures include the basic topics which have been negotiated within the Contadora Group's framework for the last 36 months, since January 1983.

On 13 January, the Contadora Group foreign ministers -- illustrious people to whom I express the Honduran Government's gratitude for their extraordinary efforts to achieve peace in Central America -- called a meeting at the Venezuelan Embassy in Guatemala City between the four Contadora Group foreign ministers, the four Support Group foreign ministers, and the five Central American foreign ministers, or their representatives. The meeting began at 2300 and concluded at 0300. I attended the meeting as foreign secretary of Honduras, and I came alone. We had an extremely constructive meeting. We analyzed the Caraballeda declaration and agreed to prepare the Declaration of Guatemala, in which the five Central American governments agree to support what is stated in the declaration of Caraballeda. Very well, I told them there that we must urgently draft the Declaration of Guatemala and sign it the next day. I also told them that, in addition to the Declaration of Guatemala, we must necessarily sign the Contadora Group's document for peace and cooperation in Central America -- right there in Guatemala -- to hail the return of democracy in the country of eternal spring, where eternal tyranny has prevailed. Am I not right?

What happened then? Nicaragua opposed this. Nicaragua did not even want to continue with the Declaration of Guatemala. My dear friend Foreign Minister Miguel D'Escoto grabbed the declaration of Caraballeda and said: What is all this? If I sign this I will commit myself, and so forth. Mexican Foreign Secretary Bernardo Sepulveda had to tell him: We must sign this because it is convenient for the country and it is not a legal obligation.

Well, I believe that the solution lies in the Contadora Group's document for peace and cooperation in Central America, in which we have advanced 80 to 90 percent. We have not advanced more because Nicaragua has vetoed the negotiations at the plenipotentiary level since the meeting in Luxembourg. At approximately 0100, Foreign Minister Carlos Jose Gutierrez -- who is coming tomorrow -- asked this question in Guatemala City: First of all, and before we discuss the Caraballeda and Contadora documents, I want to know if the Nicaraguan Government has lifted its veto and boycott against the Contadora negotiations. Foreign Minister D'Escoto did not answer. I noticed an uneasiness among all the Contadora Group foreign ministers. I also noticed a certain annoyance among the Lima Support Group foreign ministers at the Nicaraguan attitude.

We then asked the illustrious Venezuelan foreign minister, Dr Simon Alberto Consalvi -- who is coming tomorrow or on Sunday -- to prepare a draft Declaration of Guatemala, which would be signed by the five Central Americans in support of Caraballeda. I describe the declaration of Caraballeda as the prelude to the signature of the Contadora Group's document. Foreign Minister Consalvi prepared a draft document -- approximately two to three pages long -- which was extremely instructive and encouraging. The next day I was called and asked to go to President Belisario Betancur's suite at the Camino Real Hotel -- where all the delegations were staying -- in order to sign the Declaration of Guatemala.

I noticed that this was not a group meeting; we were called in one by one. I noticed that Foreign Minister Carlos Jose Gutierrez was leaving when I was about to go in. When I left, Foreign Minister Miguel D'Escoto went in.

When I saw the Declaration of Guatemala -- the Contadora Group and Support Group foreign ministers were in President Betancur's room. I read it and told them: It is good, but something is missing. They asked me: What? I said. The Declaration of Guatemala makes absolutely no mention of the Contadora Group's document for peace and cooperation in Central America, which is a legal document and an international treaty. Why is it not mentioned? I added: Let us include it in the document, at least in the first page. It was a two-page long document and the second page had been signed by Foreign Minister Carlos Jose Gutierrez, who had already left because they had called him first.

The distinguished foreign minister of Peru, Dr Allan Wagner, said: If we put it in, if we mention the Contadora Group's document, Nicaragua will not sign this. President Betancur then said: Edgardo is right, we must mention the Contadora document. How could it not be mentioned if the Declaration of Guatemala is just another theoretical declaration, but the Contadora Group's document is a legal instrument to achieve specific solutions? Therefore, the foreign minister of Peru and I conceived the idea of how we could mention the document... [changes thought] -- the document reads: Create a climate of trust through the Contadora Group's document for peace and cooperation in Central America. I had suggested that it should read: Create a climate of trust by signing the Contadora Group's document for peace... [station breaks off broadcast of Paz Barnica press conference to return to the studio, where a news cast is in progress]

NICARAGUA

AIR FORCE HELICOPTERS DAMAGED BY REBELS IN SOUTH

Defense Ministry Communique

PA271715 Managua Radio Noticias in Spanish 1200 GMT 27 Jan 86

[Defense Ministry communique, dated 26 January -- read by announcer]

[Text] At 1000 on 25 January of this year a Nicaraguan Air Force [FAS] Mi-8 helicopter, engaged in supply activities at the La Penca border post, was attacked by mercenary forces from Costa Rican territory in the El Venado sector, between Sarapiqui and La Penca. One of the shots fired damaged the windshield, but there were no injuries.

The aircraft was manned by Captain Javier Moreno and his copilot, Juan Tinoco.

[Signed] Managua, 26 January 1986; Public and Foreign Relations Directorate, Ministry of Defense.

ARDE Claims 4 Helicopters Hit

PA281237 Panama City ACAN in Spanish 1212 GMT 28 Jan 86

[Text] San Jose, 27 Jan (ACAN-EFE) -- Eden Pastora's forces fighting in southern Nicaragua near the Costa Rican border have damaged four Sandinist Air Force helicopters over the past several days, it was reported today in this capital. A spokesman for the Democratic Revolutionary Alliance (ARDE) said the latest such incident took place 25 January when a Sandinist helicopter was attacked by rebel rifle fire while it supplied troops stationed in Sarapiqui.

On 16 January ARDE rebels wounded the pilot of one helicopter and the copilot of another -- both Soviet-made "Mi-8's" -- that were flying over that southern Nicaraguan area.

The source did not indicate the exact day when the third [as received] Sandinist craft was damaged.

The rebel spokesman told ACAN-EFE that ARDE's forces are operating near the Sandinist People's Army bases at Sarapiqui and La Penca, adding that "the pressure on them grows greater every day." Meanwhile, he denied that these attacks are being staged from Costa Rican territory, as the Nicaraguan Government has claimed. The attacks, he said, are part of a rebel offensive in Chontales Department, in northern Nicaragua, and Rio San Juan Department, in the south.

CHURCH, STATE EXCHANGE MORE ACCUSATIONS, CRITICISM

Ortega Calls Cardinal Somozist

PA271440 Managua Radio Sandino in Spanish 1231 GMT 27 Jan 86

[Text] President Daniel Ortega urged Cardinal Miguel Obando y Bravo to end his pro-Yankee and defamatory criticism of Nicaragua during a "Face the People" meeting held in Pueblo Nuevo, Madriz Department, yesterday. The president, accompanied by members of his Cabinet, met with more than 400 peasants of Region 1 and stressed that Cardinal Obando y Bravo should change his ways by denouncing the counterrevolution's crimes and asking the U.S. Congress to stop supporting the mercenary forces.

[Begin Ortega recording] Cardinal Obando y Bravo is acting covertly -- like the Somozist bishops used to -- because he is championing Somozism, which is what Reagan wants. Reagan wants to reinstate Somozism in Nicaragua. Obando y Bravo is not behaving like a pastor, a bishop. A bishop should not take sides but should be on everyone's side. Cardinal Obando y Bravo has taken Reagan's side; he is supporting the aggression. We have never heard Cardinal Obando y Bravo condemn the counterrevolution's crimes. I have told him this. We have discussed it. I asked him: Why don't you say anything about the counterrevolution's crimes? Government officials have admittedly made mistakes and committed abuses. However, why don't you criticize Reagan's crimes against Nicaragua like you criticize [words indistinct]? Why don't you denounce the crimes committed against Nicaraguan children, peasants, and workers? Why don't you say anything? Not a word. See how you are behaving.

No one is persecuting him, no one at all. No one has put him into prison. Why? Because that's not how the revolution will fight Cardinal Obando y Bravo's behavior. He is hurting himself, because the people realize that Cardinal Obando y Bravo has assumed a political stance, [words indistinct] religion. However, he has an opportunity to change his behavior. How?

If he wants to use his moral authority to raise a voice in Nicaragua, he can change his ways by denouncing the contras' crimes. Why doesn't he [words indistinct] U.S. Congress clearly and say: Gentlemen, I urge you to stop supporting the mercenary forces. Stop giving the counterrevolutionaries money [words indistinct] who kill Nicaraguan peasants and workers and wreak destruction. Things would be different if he did that. He has the opportunity to do something good [words indistinct] Nicaragua. He has done nothing for Nicaragua so far. [end recording]

President Ortega made the preceding remarks in response to a peasant who asked how Obando y Bravo will be treated when he returns to Nicaragua after having answered Reagan's call to mount a campaign of lies against the revolution. The revolutionary government is not incurring religious persecution in Nicaragua, Ortega said. Cardinal Obandoy Bravo practices religious persecution against those priests and church activists who favor social change, he said.

To close, Commander Ortega urged the people to be wary of relaxing their defensive tasks to counter foreign intervention and said that Obandoy Bravo's campaign is part of an overall scheme to bolster the counterrevolution.

[Begin recording] We cannot let down our guard, because Reagan is fighting to obtain more funds for the contras. There are even plans -- they say they have another way -- to send aid to the contras if those funds are disapproved. We cannot let our guard down, because the contras have not roamed around here lately. Why? Because the U.S. Government -- its President -- is intent on destroying Nicaragua. He is currently mounting a full campaign in the U.S. Congress to get more millions approved for the counterrevolution; more dollars of the U.S. people -- that the Congress approves -- so that those criminals and terrorists can come to kill peasants, destroy Nicaraguan peasants' homes, [words indistinct], schools and health centers; kill teachers, nurses, and doctors; and destroy tractors. And as someone said here, there are some political figures -- such as Cardinal Obando y Bravo -- who are lending themselves to that campaign. Reagan called Cardinal Obando y Bravo, and he rushed to the United States and began a campaign against Nicaragua. [end recording]

Bishops See 'Slander Campaign'

PA270322 Panama City ACAN in Spanish 1800 GMT 26 Jan 86

[By Filadelfo Martinez]

[Text] Managua, 26 Jan (ACAN-EFE) -- The Nicaraguan Episcopal Conference stated today that the Sandinist Government's "slander campaign" against the church has taken on an "official nature." The Episcopal Conference's permanent secretary released a communique issued by the bishops following yesterday's interrogation of Msgr Oswaldo Mondragon by State Security authorities.

Guillermo Aguilera, charged with being the head of a special anti-Sandinst internal front, said 2 days ago that Father Mondragon was allegedly involved in a terrorist plot called "Scorpion." According to Aguilera, who was presented to the international press, the "Scorpion" plan included carrying out a series of terrorist attacks against public places and the embassies of socialist countries. Aguilera said that he was told to recruit Father Mondragon.

The clergyman, who is the director of the Minor Seminary and is the parish priest for El Calvario Church in Managua, was interrogated yesterday for 90 minutes by members of the Nicaraguan State Security and released immediately.

The Nicaraguan bishops said today that the government's campaign against the ecclesiastical personnel became official when Communique No 4 was issued by the Press and Information Directorate 4 days ago. That official declaration stated that during a recent visit to the United States Cardinal Miguel Obando y Bravo began a campaign of "attacks and slander," accusing the Sandinist authorities of persecuting the church. The Managua government added that to date Cardinal Obando y Bravo had not said a single word regarding the "mercenary aggression" that has already caused more than 1,000 victims.

The Episcopal Conference charged today that one of the most frequently used tactics in the campaign against the church is accusing the Catholic hierarchy of "persecuting the clergymen." The Conference clarified that in his recent statements Cardinal Obando y Bravo did mention the problems that affect the life of the Catholic Church in Nicaragua. "His willingness to continue insisting on the dialogue, despite the many attacks he has suffered," is proof of the good will that exists to find a solution to the tensions with the government, the bishops said. The Episcopal Conference reported that between 24 December 1984 and 28 October 1985, 10 meetings have been held between representatives of the church and the government. The bishops have also written letters to government authorities expressing their willingness to talk, and on several occasions these letters have gone unanswered, the Episcopal Conference added.

On 30 December 1985 the Church hierarchy made its last request for a dialogue between Cardinal Obando y Bravo, president of the Episcopal Conference, and President Daniel Ortega. At that time the Sandinist Government suggested that the new meeting of the government-church commission be held in February. "At this meeting, Cardinal Obando y Bravo may meet privately with the companero president, if he so wishes," Rene Nunez, Nicaraguan minister of the Presidency, said in a message.

In their communique issued today, the bishops rejected "all slanderous charges against the clergymen on the part of people who, because of their physical or psychological conditions, have been deprived of their freedom." However, the communique issued by the church hierarchy does not mention Father Mondragon specifically. In conclusion, the Episcopal Conference reaffirmed that in their pastoral activities the bishops are motivated only by their faith in the Gospel, which urges the search for welfare for all and the defense of the rights of all Nicaraguans.

DELEGATION TO HONDURAS INCLUDES RAMIREZ, D'ESCOTO

PA271357 Managua Radio Sandino in Spanish 1219 GMT 27 Jan 86

[Communique of the Office of Information and Press of the Presidency of the Republic, issued on 27 January -- read by announcer]

[Text] The Information and Press Office of the Presidency of the Republic hereby notifies the Nicaraguan people that a delegation led by Vice President Sergio Ramirez Mercado will leave today for Honduras. The delegation will attend the inauguration of President-elect Jose Azcona del Hoyo. Other members of the delegation are Companeros Father Miguel D'Escoto Brockman, foreign minister; Herty Lewites Rodriguez, minister of tourism [title as heard]; Manuel Espinoza, minister of information and press [title as heard]; and Jose Leon Talavera, deputy foreign minister.

Managua, 27 January 1986; 25 years later, all weapons against aggression. [Signed] Information and Press Office of the Presidency of the Republic

RAMIREZ VIEWS ELECTED GOVERNMENT'S FIRST YEAR

PA251935 Managua BARRICADA INTERNACIONAL in English 16 Jan 86 pp 5, 6, 7

[Interview by Vice President Dr Sergio Ramirez Mercado with unidentified BARRICADA INTERNACIONAL reporter; date and place not given]

[Text] On January 10, 1985, Daniel Ortega was sworn in as the first Nicaraguan head of state to be elected in completely democratic and honest elections held in this country during this century. The sixth year of the Sandinista Popular Revolution began and was institutionalized amidst the U.S. Administration's increasing military and economic aggression; President Reagan himself has pledged to "remove" the Sandinistas from power.

At the end of the elected government's first year, the Sandinistas have not been overthrown by the United States. Are there economic problems? Yes, there are, acknowledged Nicaragua's vice president Dr. Sergio Ramirez in an exclusive interview with BARRICADA INTERNACIONAL. But the aggression has not succeeded in its objective to sabotage the economy in order to provoke popular discontent with the Sandinista government. Dr. Ramirez explains the difficulties of managing a war economy and speaks about the state of emergency decreed last October. He also offers possible Nicaraguan responses to a congressional approval of federal funds to directly finance military aggression against this small country, which would constitute a virtual declaration of war. He warns of the possibility that Reagan will manipulate the issue of Nicaragua to place Democrats in Congress on the defensive and prepare the way to direct intervention with U.S. troops. Latin America, he says, must realize that any confrontation with Nicaragua is, in reality, a confrontation with the interest of the entire continent.

[Reporter] Dr Ramirez, 1985 was a year of the U.S. trade embargo, of inflation, of huge shortages of goods like toilet paper, of struggling against speculation. How would you evaluate the first year of elected government, and what weight did the military defense effort carry in the economy?

[Ramirez] The U.S. aggression has not managed to disrupt our efforts to organize the economy or attain economic "growth," and this to me, seems to be our greatest accomplishment. In turn, it would be imperialism's greatest achievement if it caught us in these times without the ability to produce what we need, however little that might be, unable to bring in the harvests. Yet here we are, in absolute control, managing the problems and mobilizing contingents of voluntary workers to the harvests at the same time that the recruits who've already completed two years of military service are returning home. That is to say that we have the ability to organize production while trying to face up to the difficulties of defense.

That is what I would call our greatest success in the economy: to work in an organized manner and counter the destructive elements of the crisis that imperialism is trying to inflict on us, with solutions commensurate to the difficulties which help us to survive and move forward.

In 1985 the aggression against Nicaragua had an accumulative effect. Actually, the damage directly resulting from aggression has been inflicted since 1981, and about this time, Nicaragua's access to multilateral financial sources such as the World Bank, the Inter-American Development Bank and the International Monetary Fund, began to be gradually cut off, as a result of pressure from the U.S. Government.

These conditions produced by the economic aggression and a war no longer covert after the approval of US$27 million in "humanitarian aid," as they say there, have accentuated the war situation during 1985, which of course was compounded by the economic blockade decreed in May.

We can speak of an "economic crisis" in Nicaragua almost completely provoked by outside factors, tied to the U.S. Government's aggression. It is also true that we would have difficulties even if Nicaragua's economy were not subject to this ensemble of external causes, because it is an economy which is still based on agroexports, destined for the most part to traditional markets, and subject in turn, to the unfair laws of the international market. At the moment we are at any rate, having problems because the price of cotton has fallen, and the sugar prices have not recovered. We are paying more for the products we import from the West for agroindustry, the manufacturing industry, and even for agriculture itself, and we would in any case, be faced with the major problem of servicing the growing foreign debt. But these are secondary problems, when seen in conjunction with the conditions pressuring Nicaragua's economy. The most significant factor is the aggression which directly impairs production and services, above all in the rural areas. But there are other factors which affect the rural and urban labor forces, in that we are sending workers to the battle fronts and in this way affecting the rationalization of production, productivity, and the preparation of technicians in the universities and technical centers to improve production.

[Reporter] Could you give concrete examples?

[Ramirez] Whole production lines in different branches of industry have necessarily been dismantled as a result of the military service, not to mention the more direct effects in the countryside where the campesino militias come out of the production centers. It is often difficult for us to maintain the ideal balance between harvests, production and defense. Generally the greater emphasis is on defense.

Very few economies work as ours does. It's impossible to predict what the final outcome of planned objectives will be, if for example, you must be prepared for the possibility of three tanker trucks loaded with polypropylene for a plastics factory being blown up on the road to (Puerto de El) Rama. This is merchandise that you have already brought into the country after having had to buy it on a sellers market. You purchased it in the German Federal Republic because you couldn't get it in the United States and this meant a loss of foreign exchange.

The raw materials are being expected by a certain date in the factory and if they don't arrive, the production line comes to a halt, causing shortages on the domestic market, and this begins to have repercussions in the economy. The corn on a farm cooperative is ripe and ready to harvest when suddenly the campesinos must be mobilized to pursue a band of contras. These are the real problems our economy is facing.

Financing the war induces inflation by elevating public spending. Viewed from the outside, this situation would be termed a "crisis." However, from the inside, this perhaps is not the most appropriate term, because a crisis is provoked in an economy based on a model which has exhausted its possibilities, such as is the case in the majority of poor capitalist countries. Those countries are faced with the great international pressure of the foreign debt and unfair terms of trade, as well as the resistance of the dominant classes to modify the system of production, and internal crises occur which are reflected by inflation, unemployment, recession and capital flight. There is a strategic flaw in management, because the model that is being implemented is at odds with the country's reality. For example, it would be as if in Nicaragua, we abandoned agroexports in order to throw ourselves wholeheartedly into an industry for which there exists no real material bases.

None of these cases applies to us. The country's economy is forced to bear the conditions imposed by the Reagan administration's aggression.

[Reporter] There is an apparent contradiction implict in the Nicaraguan model in that on one hand there is a huge demand for social services, but on the other, it is impossible for the government to plan its income because a significant proportion of production is in private hands. How is this manifested?

[Ramirez] During the past six years, our economic model has undergone transformations, while continuing on its strategic course toward the radical transformation of the material conditions of the society that we inherited, in order to redistribute wealth under just conditions for the majority of the people.

This doesn't necessarily mean the massive expropriation of all means of production in private hands, rather it allows for a coexistence between private and state property. In addition, new forms of property ownership are being created, such as cooperatives, which are very common in the countryside. When the Sandinista Popular Revolution came about we were locked into an economic system dependent on U.S. and Western technology, material resources and markets. Transformation of this dependency has not progressed in a linear, "innocent" manner, but rather in the midst of the contradictions created by the clash with imperialism's interests and the war of aggression. Our revolutionary process is unfolding within the dialectic framework of the aggression; we have been subjected to these contradictions for six years now.

We did not make up the rules of the game, but despite the circumstances, we are moving forward. Our economy has undergone some fundamental changes; it is a mixed economy, but we hold the reins of economic management. I don't agree that we can't plan the economy just because we don't have every last mechanic's workshop or barbershop in our hands. We cannot forget that we do have in our hands:

-the national financial system;

-the ability to utilize national savings;

-the ability to administer foreign exchange in order to plan importations which, in turn, have repercussions on production and services;

-foreign commerce;

-strategic branches of production and services, such as some fundamental sectors of the textile industry, agroindustry, and some fundamental services like transportation.

There are areas in which we've advanced considerably, such as in agrarian reform, because if there has been one important transformation in Nicaragua, it is the agrarian reform. That a country the size of Nicaragua has distributed some 4.6 million acres of cultivable land to the campesinos, in a gigantic and irreversible step, because the conditions for the transformation of this country are going to be determined in the countryside.

We introduced some measures to help slow down or curb the growing circulation of money due to the limited supply of goods and services. We substantially reduced the subsidies in an attempt to adjust prices to their real levels, which in turn, helped us to pay the producers and campesinos fair prices and stimulate production; we reduced public spending and regulated bank loans. All of these measures produced their first important results in 1985, although it is not possible to reorganize the workings of the economy in one year especially under the conditions to which we are being subjected.

This a country under a permanent threat, under aggression. It is threatened principally with military destruction, but also politically and economically, and as a consequence has enormous economic difficulties. Under the conditions imposed by the aggression, there should not be a problem with (the shortage of) toilet paper, because toilet paper should not exist. We are still discussing the question of toilet paper here and the consumers still have the option to say that they don't like the lard imported from the Soviet Union (to substitute for vegetable cooking oil) and not to eat it. This means that they have an alternative, because if the only real option available was to eat this lard, I assure you we would all have to eat it. In spite of all the difficulties, we are able to offer consumer options, limited as they are.

[Reporter] One of the most controversial measures implemented during the elected government's first year in office was the state of emergency decreed in October. Don't you think that the country's image deteriorated with this action?

[Ramirez] Now, some months after the measure, understanding has evolved on the need to adopt juridical measures to allow us to manage our domestic situation. There were serious errors in information; we made mistakes at the time in explaining internationally what the state of emergency was, and this was taken advantage of by enemy propaganda to disseminate distortions and falsehoods about the nature of the state of emergency.

We cannot take on a defensive attitude when explaining the need to place ourselves under the juridical norms of a state of emergency, we won't make excuses, because that wouldn't be facing reality. The state of emergency had to be established because of the military aggression which we are permanently under, as well as the pressure exerted by imperialism's conspiracies to try to destroy the nation's social peace. The unity of the country is what has made it possible for us to be winning the war. In this area we can't stand around with our arms folded because this is a crucial battlefield in the overall war.

If in May or April of this year, the U.S. Congress gives in to pressure from the Reagan administration and approves the use of federal funds to directly finance the war with "lethal" aid, the internal legal institutions in the country will necessarily have to be affected more profoundly than they have been by the state of emergency. We would then have a real war with the United States on our doorstep with the blessing of Congress and financed directly by federal funds. We can't worry about justifying ourselves to the world, when the very existence of the country is at stake.

[Reporter] What measures would these be?

[Ramirez] I'm speaking in quite general terms. We would not abandon our search for new social, economic and political systems for the country if Congress passed such a measure.

[Reporter] The discussion of the financing of the war against Nicaragua could lead one to think that in the first semester of 1986, before the midterm elections, President Reagan might take all the actions which he deems necessary against the Nicaraguan Revolution, including a direct military intervention?

[Ramirez] It would be tempting to predict that between January and July, Reagan must succeed in getting Congress to approve military funds, step up the aggression and in addition decide in favor of direct intervention. Later, at the beginning of the midterm elections for the House of Representatives and the Senate, the aggression would have to decrease. After these elections, in 1987, the Republican Party would have to begin the search for a presidential candidate and therefore, we would be better shielded against the danger of invasion.

The dynamic Reagan is seeking is quite different. I think that he is trying to convert Nicaragua into an essential issue of the midterm election campaign, putting the Democrats in Congress on the defensive, in order to pressure them to support the allocation of funds to finance the counterrevolution's lethal actions. And if this isn't possible, he will introduce the initiative by employing the pretense that the issue being fought over in Nicaragua is U.S. national security and that whoever opposes additional measures is playing into the hands of international communism, and the Soviet Union. The greatest danger facing us in 1986 is that Reagan might feel confident enough to put forward an ultra right position and successfully manipulate the theme of Nicaragua as an election issue in order to change U.S. public opinion.

What Reagan needs to smooth the road for military aggression against Nicaragua, which is his ultimate objective.

[Reporter] What leads you to arrive at this conclusion?

[Ramirez] In Cartagena (during the OAS meeting in December) (Secretary of State) Mr. Shultz met with the ministers of the Contadora Group and its Support Group, and when they spoke to him about Nicaragua, his response was that Nicaragua is a cancer which must be cut out. The (Reagan) administration knows that this "cancer" can't be eliminated by way of the counterrevolution, which we are defeating, but it refuses to give up on the issue. The White House will continue its efforts to make the idea of aggression palatable, in political terms, to Congress and to U.S. public opinion.

Declarations by Reagan, Shultz, Abrams, Vernon Walters...are aimed at putting Congress on the defensive, working along a very simple premise: Nicaragua is a threat to the United States and to Central American security, it continues to support Salvadoran guerrillas and helps the Colombians. In short, it is a center for propagation of international terrorism, and if the United States doesn't support the counterrevolution in a more direct way there is no other option but direct military intervention. This is blackmailing the Congress.

[Reporter] And meanwhile is Contadora dead?

[Ramirez] That depends on Contadora. We continue to support that peace effort but we don't believe that one should continue talking about advances in the peace process, when in reality there has been a deterioration. It is not true that we are closer to peace now than ever before. The U.S. managed to consolidate political and diplomatic positions against the peace forces, defeating the September 1984 agreement using pressure and blackmail. And now the aggression against Nicaragua is becoming more intense. We have resolved that, unless the United States demonstrates its willingness to make a serious and formal commitment to halt its aggression against Nicaragua, we will not sign any document, or make any commitment.

If the United States persists in its determination to destroy us, we are not going to be so naive as to believe that a document will resolve the situation. Latin America, through Contadora and the Support Group must demand to the United States a serious attitude towards dialogue, negotiation and the disposition to arrive at an understanding. All of Latin American is at risk here, in the face of an arrogant, blackmailing attitude which does not permit any dissension with the U.S.'s objectives. This attitude brings the United States to commit actions which have never been seen before in international diplomatic relations. For example, when Shultz banged on the table in anger at the Yugoslavian foreign minister because he didn't agree with Yugoslavia's refusal to consider the PLO a terrorist organization. In another case Walters stated in Argentina that the Tupamaros and the Montoneros continue to be a threat because they're still alive; and he said that in Argentina, as if he were in Washington.

This boundless arrogance is creating distortions in international relations and we cannot remain impassive nor continue to dally when the situation has deteriorated so much. This is why we have issued a call for serious action so that the peace process can begin to produce results. We are not trying to pressure Contadora into taking Nicaragua's side in the matter. We are not telling Contadora that it should identify with the principles of the Sandinista Popular Revolution nor that it should endorse the revolutionary process. We're talking about the basic norms of coexistence and respect for the sovereignty of our country. If we cannot be granted even this negotiation, then nothing will be conceded to us.

If Latin America realized that this is a real confrontation with its interests and acts accordingly, as it did during the war of the Malvina Islands, and is doing with the foreign debt, we will be able to make progress. But if the governments assume a timid attitude, and allow themselves to be manipulated by the U.S. Administration's pressures these will be very serious times for Latin America.

This year the United States will wage a political a struggle in Latin and Central America in order to prepare more favorable conditions for a major action against Nicaragua. At the moment, the conditions for such a step are so unfavorable, that it hasn't dared, and that is where the struggle stands at present.

For example, the recent declarations by Guatemala's new president, stating that he wants to live in peace with Nicaragua and does not support military aggression are not at all favorable to President Reagan's foreign policy.

SOVIET SHIPS TO ARRIVE SOON WITH RELIEF

PA271638 Havana International Service in Spanish 1800 GMT 25 Jan 86

[Text] With the departure to Cuba of two more Soviet merchant ships, four Soviet ships will be arriving in our country soon, with aid to help offset the damage caused by Hurricane Kate, which hit this Caribbean island in November. The merchant ships Minsk and 50 Years of Soviet Ukraine are transporting more than 19,000 tons of rice. The other two ships that will soon end their voyage are transporting sheets of galvanized steel asbestos fiber. It has also been reported that the merchant ship Kovrov will depart from the USSR with a shipment of flour.

LITTLE CHANGE EXPECTED FROM HONDURAS' AZCONA

PA271735 Havana International Service in Spanish 0000 GMT 27 Jan 86

["Our America" commentary]

[Text] In the midst of conflicting opinions concerning the new administration's attitude on the Central American crisis, Jose Azcona del Hoyo will take over Monday as president of Honduras. This is the first constitutional transfer of power in the last 50 years in Honduras, as a result of many military coups d'etat in one of the most impoverished Latin American nations.

Jose Azcona del Hoyo is considered a follower of the general lines of his predecessor, Roberto Suazo Cordova, and has voiced his opinion on an overall solution to the serious Central American conflict. He has said that he supports the efforts of the Contadora Group in this regard. However, Azcona's statements on basic problems, such as the presence in Honduras of bands of former Somozist guards and of important contingents of U.S. troops, do not open any possibilities for ending the regional crisis.

The Honduran persident-elect recently visited the United States, where he met with several officials of the Ronald Reagan administration, but he declined to define what his stand will be concerning the two abovementioned facts, which are considered extremely important in promoting a dialogue in the area. Regarding this, although Azcona admitted that there are bases of Nicaraguan counterrevolutionaries in Honduras and that this violates the Constitution, he did not say he would adopt measures to put an end to this situation.

Far from defining a correct stand concerning the individuals at the service of a foreign power that are attacking a neighboring nation, the president-elect insisted that the topic might be discussed within the framework of conversations that also entail the end of what he described as Nicaragua's arms race and the presence of foreign military experts in Nicaragua. Azcona was also very careful not to comment on the virtual U.S. military occupation of Honduras. To this effect, he said only that the presence of U.S. soldiers in Honduras is legal and that they are there by the will of the Honduran Government. Personally, he emphasized, I have nothing to say about this issue.

However, various political sectors from Honduras and the rest of Central America insist that Washington has turned Honduras into an important aggressive element in the region, to the point that no less than 50,000 U.S. soldiers have been to Honduras since 1981 in order to become familiar with the topography and climate of the area.

In addition, new U.S. military bases are being built, in addition to the existing 13 bases, and warlike military maneuvers are constantly taking place in Honduras aimed against Nicaragua. There are over 1,000 U.S. soldiers permanently stationed in Honduras, in addition to experts in electronic espionage, helicopter and C-130 cargo airplane pilots, and intelligence personnel.

During his U.S. visit, Azcona admitted that it had been agreed with Washington that new Yankee troops will go to Honduras to carry out military engineering work, particularly the dredging of the Agua River, where naval units could be posted. All this leads one not to expect future actions by the new Honduran administration to find any definite solution in Central America and to believe that very little will change concerning the Yankee interference in that nation.

BISHOP ON CHURCH'S ROLE, POSSIBLE PAPAL VISIT

PM271055 Milan L'UNITA in Italian 15 Jan 86 p 4

[Interview with Msgr Carlos Manuel de Cespedes, chairman of the Cuban Episcopal Conference, by Massimo Cavillini, in Havana -- date not given]

[Text] Havana -- Go easy please, gentlemen. Let us have no spectacular statements, no sensationalism, and no great expectations. Let us go carefully, step by step, patiently and quietly. The two sides involved -- the socialist state and the church -- seem to have reached full agreement, at least on this point. And Msgr Carlos Manuel de Cespedes, chairman of the Cuban Episcopal Conference and direct descendent of the "father of national independence" of the same name, noted this from the start, almost anticipating the journalist's questions. Is this a historic dialogue? Is it a possible example of how to solve the age-old problem of church-state relations in countries of real socialism? "No. Look, what we are doing is simply raising, in the specific Cuban context, the question of how best to integrate Catholics in the new type of society created by the revolution. It is true that this problem remains unsolved in all socialist societies. But it has different aspects and characteristics in each country. Only history can say whether and when we will succeed in being a 'historic example.' We are not setting out with such ambitions...."

And yet despite its slow and cautious progress, the actual opening of a dialogue between the church and the state is arousing enormous interest in Cuba. There have already been two official meetings -- "about which," De Cespedes said, "there were too many rumors." In addition, the publication, at almost the same time, of the book "Fidel and Religion" -- a long interview granted by Castro to the Dominican Frei Betto -- made a considerable contribution to bringing the question to the forefront of Cuban political life. There have been numerous reprints, and 500,000 copies have already been put into circulation -- always sold out in a flash -- and there are now many people who, for more than one good reason, describe the editorial initiative as "the biggest dose of antidogmatism ever injected into the socialist state." The effects of this are bound to make themselves felt sooner or later.

The basic theme is how to avoid discrimination when the state is run by a single party and when membership in that party depends on following the philosophy of Marxist-Leninist atheism.

I asked Msgr De Cespedes: In what terms is all this being discussed in the present talks?

[De Cespedes] In fact, it is not being discussed, at least not in direct terms. The problem of the political and ideological requirements for party membership is obviously one which primarily concerns the party. What we are asking is that Catholics should be able to participate in this country's political and social life without being discriminated against because of their beliefs. This is the Cuban church's official position.

[Cavallini] What is your personal position?

[De Cespedes] Personally, as Carlos Manuel de Cespedes, I could add to all this that if the ranks of the party were opened to Catholic participation, it would create serious problems for both the party and the church. For the party, because such a broadening of the theoretical and philosophical bases would probably alter its nature. And for the church, because today, after being kept on the fringes for so long, Cuban Catholics are not, how shall I put it, "trained" for this level of political participation. And above all because the presence of this possible option -- being inside or outside the party, aligned with or opposed to socialism -- could produce the divisions in the church which we have succeeded in avoiding in recent years. As you can see, it is a fairly complex question for both sides. I am not saying that we cannot or even should not succeed in taking an open approach. But we must not rush into things.

[Cavallini] However, there is another more radical way of overcoming the problem of discrimination: increase the number of possible options or break the single party system. Is this being discussed?

[De Cespedes] No. I think it is a good rule to start any task from the beginning and not from the end. If what we are constructing is a ladder -- a long ladder -- this can only be the last rung.

What, in fact, are we discussing? What practical content will the joint task "ending the era of discrimination" have? The answers come from unexpected directions when discussing different matters, for instance, when discussing why Catholics chose to go into exile in the sixties.

Take my family's case. They all left. All except, paradoxically, the two "most Catholic," my brother and myself, who are both priests. Why did they leave? There was probably more than one reason. Human decisions can rarely be seen as, how shall I put it, "chemically pure" reactions. However, I think there was one main reason: the education of children. In recent years I have had various opportunities to meet with them in the United States. None of them thinks they have found heaven on earth, and none of them feels particular bitterness or prejudice against the Cuban revolution. But they all emphasize one point: They have been able to give their children the education they wished.

[Cavallini] Would this have been impossible in Cuba?

[De Cespedes] Yes, for a Catholic. The schools are steeped in ideology, atheistic and Marxist-Leninist ideology.

[Cavallini] And is this what you want to change?

[De Cespedes] Look, I would not even dream of questioning the results of the Cuban revolution in the spheres of education or public health. They are extraordinary and incredible results.

And, obviously, I also think there are areas of social life in which the existence of an ideology is not only acceptable but even desirable. However, there are other spheres, through which everybody must inevitably pass, in which any ideology inevitably becomes a factor of discrimination.

[Cavallini] So, is it on this that the dialogue has started: on a possible "secularization" of the state?

[De Cespedes] Let us say on the creation of some "neutral" areas within the state. This can be done without casting doubt on its socialist character, with which even many Catholics agree.

[Cavallini] And do you think that this kind of approach would enrich the revolutionary process?

[De Cespedes] I am convinced of it. It would not challenge any of its results and would create the right conditions in the institutions for a better and more serene coexistence for all. I think that some divisions no longer have any meaning for anybody, despite the historical reasons behind them.

[Cavallini] And what were those historical reasons?

[De Cespedes] I think they were the inevitable product of a particular period. They were the memories of Soviet Stalinism and the Spanish civil war, which were still fresh, and a church which had not yet experienced the processes of renewal. As we say here: Either the revolution came too soon or Vatican II came too late. If the order of historical events had been reversed, we would certainly not be here discussing the problem now.

[Cavallini] Let us move from the past to the future, a future which many people think is near. Will the pope come to Cuba?

[De Cespedes] Obviously only the holy father can answer that. I personally think it is possible.

[Cavallini] Would you say it is possible and even probable?

[De Cespedes] I would say so. The basic conditions exist. The pope has said that he would come willingly. Fidel Castro has said that he would welcome him just as willingly. Of course, a visit by the pope to a country like Cuba is not an event like any other. It requires preparation and follow-up. First, favorable conditions must be created. Later, things will obviously not be exactly the same as they were. At the moment we are still in the preparatory stage.

[Cavallini] Many people think the pope will not come. The Cuban church has always been "small" and does not seem to have much room for expansion; and a visit by the holy father to the "country of revolution" would simply strengthen the left wing of the Latin American church or liberation theology, which has always seemed to be the main target of John Paul II's attacks in his visits to Latin America....

[De Cespedes] I take issue with both suppositions behind this argument. The fact that the Cuban church is "small" is more cliche than fact. It is more like an iceberg, of which only the tip is visible.

But, above all, I do not think John Paul II has spent his visits to Latin America attacking liberation theology, which is a very diversified and complex phenomenon. Moreover, some of the themes of liberation theology were to be found in the speeches the pope made in Peru and Ecuador. In fact, John Paul II courageously condemned hunger, poverty, and injustice. His visits cannot be interpreted in terms of the political situation. They have different motives: peace and preaching the gospel to the people. The pope visited Argentina during the Falklands war. And he certainly did not feel any sympathy for the generals' regime....

EPISCOPAL CONFERENCE PREPARES FOR MEETING

PA280153 Hamburg DPA in Spanish 2137 GMT 27 Jan 86

[Excerpts] Havana, 27 Jan (DPA) -- The Episcopal Conference of Cuba (CEC) today opened a preparatory meeting in Havana prior to the upcoming Cuban national ecclesiastical meeting that will serve as the framework for an analysis of relations between the Catholic Church and the socialist government of Fidel Castro. The Episcopal Conference meeting will last until next Thursday. The national ecclesiastical meeting will be held from 17 to 19 February and will be attended by various foreign guests, including an envoy from the Holy See.

In a preparatory document, the CEC stated that the Episcopate will try to discuss difficulties facing Cuban bishops in their pastoral interaction with the government in an "honest and sincere" manner, but "without portraying itself to civilian society as an opposition power or a high tribunal judging what is good or bad."

The meeting will base its work on meetings between President Fidel Castro and Cuban bishops on 8 September and 12 January, during which they analyzed topics related to the national educational system and the media. Among those who confirmed their participation in the meeting are Cardinal Eduardo Pironio, president of the Pontifical Commission for Laymen; Msgr Carlos Amigo, president of the Spanish Episcopal Conference and archbishop of Seville; and Msgr Emil Stehle, auxiliary bishop of Quito.

Msgr Carlos Manuel de Cespedes, director of the CEC Secretariat, has said that the main topic of the meeting that began today will be the ecclesiastical conference, but the meeting will also analyze a report presented by Msgr Adolfo Rodriguez, president of the Episcopal Conference, on his participation in a recent special synod of bishops and on an audience granted him by Pope John Paul II on that occasion.

Havana Notes Preparations

PA280143 Havana International Service in Spanish 0000 GMT 28 Jan 86

[Text] Today the Cuban Episcopal Conference held its first ordinary session of 1986 to prepare the topics to be discussed at the Cuban national ecclesiastical meeting, which will take place from 17 to 19 February. The meeting, to which personalities from various countries have been invited, will end a process of deep reflection regarding the Cuban Catholic Church's reality within the historical, socio-economic, and national political context.

Among the guests will be Cardinal Eduardo Pironio, president of the Pontifical Commission for Laymen; Carlos Amigo, archbishop of Seville; and Emil Stehle, auxiliary bishop of Quito.

INTERNATIONALISM TO BE STRENGTHENED AT CONGRESS

PA250344 Havana International Service in Spanish 0000 GMT 25 Jan 86

[Station commentary]

[Text] The program platform of the Communist Party of Cuba establishes that one of the objectives of our country's international policy is to give economic cooperation and technical assistance, according to our capabilities, to other underdeveloped countries of the world whose governments make sincere efforts to find adequate and just solutions to their economic and social problems.

We wish to recall that in 1975, when the Communist Party of Cuba was holding its first congress in Havana, Cuban internationalist fighters, together with Angolan patriots, repelled the treacherous South African attack against Angola, threatened by Pretoria from the moment it was founded.

Faithful to its programmatic principles, the Communist Party of Cuba has increased our country's cooperation with countries of the Third World. In 1970, Cuban technicians and laborers were working in 10 different countries. Today they are working in the most varied fields in more than 30 countries, and thousands of Cubans are participating in this task. In general, Cuba's cooperation is carried out according to bilateral agreements or through international organizations specializing in technical aid.

In the field of health, which spans more than 2 decades of international cooperation there are 1,500 Cuban doctors working abroad. Some 30 countries are receiving the services of specialists, nurses, and technical personnel who are contributing with recognized dedication to preserving the health of populations plagued with the most diverse diseases.

No less important has been Cuba's cooperation in education. Some 3,540 Cuban personnel from the Education Ministry and approximately 100 from the Higher Education Ministry are currently working abroad. Many are working in centers of primary, secondary, and higher education. We must remember that more than 2,000 Cuban primary school teachers gave Nicaragua active support in extremely inhospitable regions in order to guarantee an education to all children in that Central American country. Some of them were murdered by the counterrevolutionary bands, which in no way affected our teachers' international spirit.

In addition, there are 22,000 students from other countries studying here under scholarships granted by the Cuban Government, which places Cuba in first place in the number of foreign students per capita. These youths, who are receiving free education, come from 80 different countries. This spirit of cooperation and internationalism, for which the Communist Party of Cuba has educated the people, will certainly be strengthened during the third congress of our main political organization, to be held in February in Havana.

BRIEFS

NEW SOVIET AMBASSADOR -- This morning Comrade Carlos Rafael Rodriguez, vice president of the Council of State, met with the new Soviet ambassador to Cuba. During a solemn ceremony, his excellency Aleksandr Semenovich Kapto presented his letter of credentials, accrediting him as ambassador extraordinare and plenipotentiary from the USSR. [Excerpt] [Havana Television Service in Spanish 0100 GMT 28 Jan 86 FL]

LEADERS FAIL TO INVITE CHAMBERS TO MEETING

FL271502 Bridgetown CANA in English 1713 GMT 26 Jan 86

[Text] Port-of-Spain, Trinidad, Jan 26, CANA -- THE SUNDAY EXPRESS today reported that Trinidad and Tobago prime minister George Chambers was apparently not invited to a private meeting of Caribbean Community (Caricom) leaders in Mustique yesterday.

The paper quoted External Affairs Minister Errol Mahabir as saying: I am not aware that the prime minister of Trinidad and Tobago was invited to any meeting in accordance with procedures that apply to Caricom heads of government meetings.

St Vincent and the Grenadines Prime Minister James Mitchell called the meeting, which was attended by Guyana's President Desmond Hoyte, amid allegations of human rights violations and elections rigging in Guyana.

Mahabir told the paper Caribbean leaders' meetings would normally be convened by the current Caricom chairman, Barbados Prime Minister Bernard St John.

I know the prime minister could not attend the meeting anyway since he was committed to a party meeting in San Juan (East Trinidad), a meeting that was announced well in advance, Mahabir added.

Other leaders attending the Mustique meeting were Prime Ministers Dr Kennedy Simmonds of St Kitts and Nevis, Eugenia Charles of Dominica, John Compton of St Lucia, St John and Herbert Blaize of Grenada.

Hold Meeting With Hoyte

FL271455 Bridgetown CANA in English 1112 GMT 26 Jan 86

[By Michael Findlay]

[Text] Kingstown, St Vincent, Jan 26, CANA -- President Desmond Hoyte of Guyana has met eastern Caribbean leaders on the nearby island of Mustique and defended his government's conduct of last month's controversial general elections.

Hoyte told reporters shortly before leaving that yesterday's informal talks, which lasted about four and a half hours, were excellent.

Prime Minister James Mitchell of St Vincent and the Grenadines called the surprise conference amidst allegations of human rights violations in Guyana and calls for its isolation within the Caribbean Community (Caricom).

Guyana has consistently denied the charges, which gained momentum after allegations that last December's elections were rigged and this month's expulsion of a British-born Roman Catholic priest.

Other leaders attending the meeting were Prime Ministers Dr Kennedy Simmonds of St Kitts and Nevis, Eugenia Charles of Dominica, John Compton of St Lucia, Bernard St John of Barbados and Herbert Blaize of Grenada.

Hoyte said his government was circulating to the international media and other persons in the Caribbean a carefully documented government statement on the elections which he insisted were free and fair.

The leftist Working People's Alliance said it filed a high court writ last week asking the court to declare the election null and void because of alleged irregularities, and calling for another poll.

As Hoyte spoke representatives of a five-party Guyanese coalition were arriving in Barbados on continuation of a Caribbean tour seeking to put their side on the political situation at home. The team is due to meet with St John.

Hoyte said the statement included a detailed analysis of the elections and explaining very carefully why they were free and fair and why his People's National Congress (PNC) won such an overwhelming victory.

Hoyte said a video-cassette had also been prepared for circulation to show the progress of the elections.

He said it showed the massive support which the PNC received, support which, according to him, transcended racial grounds for the first time.

Hoyte said the major Hindu, Muslim and Chinese organisations in Guyana as well as the business community came out in support of the PNC, which won 42 of the 53 elected seats in Parliament.

Having seen the tape and having seen the representatives of these organisations coming to pledge support, and hearing them pledge support, there is no way that one could deny our support, he added.

Hoyte denied there was a problem between the church and the state in Guyana, but admitted the relations were not as government would like to have them.

He explained that the problems were between some individuals in the Catholic hierachy and the Government of Guyana.

Hoyte also said the meeting dealt with certain trends in Caricom trade and leaders talked frankly about ways and means of increasing and expanding trade and strengthening the fabric of Caricom.

But he expressed the hope that the problems would be resolved satisfactorily.

He said: Government had no interest in having conflict in the society.

He noted that Guyana was a secular state and that under the constitution, all persons were entitled to practice their religion without let or hindrance.

Hoyte said government took a neutral and even-minded position with respect to religion and treated all alike, with the same respect, giving them the same opportunities for their members to exercise their faith.

Sources close to the other leaders said they were pleased to have a discussion relating to the image of Caricom.

They said the leaders liked the informality of the meeting and agreed that when important issues of a sensitive nature arose, they would try to meet again in a similar setting.

Prime Minister Edward Seaga of Jamaica, deputy Prime Minister Lester Bird of Antigua and Barbuda and Prime Minister George Chambers of Trinidad and Tobago were also invited to attend the meeting. [as received]

Previous commitments forced Seaga and Bird to miss the meeting, but Chambers reportedly declined the invitation without giving a reason.

The meeting was Hoyte's first with most of the leaders present, since he became president last August.

BARBADOS

DELEGATION APPOINTED TO NICARAGUAN CONFERENCE

FL241930 Bridgetown CANA in English 1821 GMT 24 Jan 86

[Text] Bridgetown, Barbados, Jan 24, CANA -- A two-man delegation from Barbados will attend a conference on peace and security in Latin America and the Caribbean in Nicaragua next month, the Friends of Nicaragua group said today.

General Secretary of the Workers Party of Barbados, Dr George Belle, and Norman Faria, chairman of Friends of Nicaragua, are to attend the February 10 to 12 meeting in Managua.

The spokesman said that noted Barbadian author George Lamming had received an invitation to the parley, whose is no intervention and for peace in Central America. [sentence as received]

Over 100 people are expected to attend the conference.

During the visit, Faria will be making final preparations for sending a Barbadian brigade to do volunteer work in Nicaragua for a month, the group said.

ST JOHN CRITICIZES CARICOM DEBT NONPAYMENT

FL271613 Bridgetown CANA in English 2040 GMT 26 Jan 86

[By Irvine Reid]

[Text] Bridgetown, Barbados, Jan 26, CANA -- Barbados's Prime Minister Bernard St John today said the island would not be prepared to accept inadequacies such as non-payment of debts and trade restrictions in the Caribbean Community (Caricom) system.

At the same time, St John pressed his case for a treaty committing Caricom governments to honouring human rights.

St John made the comments while addressing the second and final day of his Barbados Labour Party's (BLP) 47th annual conference.

He said: Given the experience of the last few years of two-tier exchange rates, devaluation, licensing regimes and insolvency in three of the major Caricom markets, something will have to be done to ensure that those of us who manage our affairs efficiently and are able to continue buying and selling in the marketplace are not held to ransom either by the inability of a country to pay its debts, or the indifference of others who lack the political will to meet their international obligations because of pressure at home.

He added: During the last two years in particular Barbadians have had to endure the adverse effects of these difficulties in Caricom and, while in one case the government has been able to secure a bartering arrangement against the outstanding debt and in another, nudged, cajoled and at times openly pressured for the removal of trade restrictions, the Barbados Labour Party government will no longer be prepared to accept these inadequacies within the Caricom system.

St John said the fundamental assumptions of currency parties in Caricom which were in existence when Caricom was founded have been profoundly disturbed by the devaluations.

Said the prime minister: Indeed, one of the unique things about Caricom is that, notwithstanding the occurrence of this fundamental change, the Caribbean integration movement still remains intact.

This serves to illustrate that Caricom is not only about economics and trade but the fulfillment of the aspirations of the Caribbean people for unity.

The prime minister added: ...If we in Barbados were not convinced that we are beneficiaries of being part and parcel of a large Caribbean entity, we would have to had made the decision that the changes that have occurred and the implementation thereof were of such a character that we could no longer tolerate membership of Caricom.

St John said it was in recognition of the technical difficulties which a change of the existing Treaty of Chaguaramas will require that the Barbados Government has been advocating the formulation of a parallel treaty which will specifically address the question of human rights just as we have done in relation to transportation, health and other areas of functional cooperation.

He added: I believe that no government or political party in the Caribbean Community could afford to ignore the psychological impact of the failure to sign a human rights accord which has received the endorsement of the vast majority of Caribbean governments, particularly if the enforcement of such an accord is placed in the hands of a judiciary composed of Caribbean judges.

We can no longer allow the reputation of the Caribbean to be sullied while simultaneously pronouncing to the world on the injustices of apartheid and banning cricketers who have played in South Africa from our shores.

The prime minister said he firmly believed that the future economic success of this region lies in our ability, first, to make or grow as much as we possibly can to supply the needs of our own people and secondly, to combine our skills and raw materials in a joint effort to penetrate the North American and other markets.

The prime minister in his 75 minute address to his party followers complained that the Caribbean Economic Community, the main market for many of the island's industrial products is trapped in a network of licensing, indifferent government regulations and bankruptcy among some of its member states.

Outlines Government Gains

FL261623 Bridgetown CANA in English 2158 GMT 26 Jan 86

[Text] Bridgetown, Barbados, Jan 26, CANA -- Barbados will have to make major changes in the ownership and other areas of its agricultural sector to bolster development, Prime Minister Bernard St John said today.

Great changes in ownership, in production systems, in manpower requirements and in financing will have to take place, the prime minister said while addressing the final days session of his Barbados Labour Party's (BLP) 47th annual conference.

During the wide-ranging 75-minute address in Bridgetown, St John also looked at the government's performance over the last 10 years and problems with the Caribbean Community and Common Market (Caricom).

He said the government would devote more of its resources to the exploitation of energy and fishery resources as well as continue its programme of increasing production of food and the growing of export-oriented agricultural crops.

He told the more than 300 delegates that the 40,000 odd acres of agricultural land in Barbados capable of producing food must not be allowed to lie fallow to provide a home for insects and pests, desecrating the environment of our country. Its utilization was a challenge to all, he commented.

The BLP conference opened last Sunday, against the background of stepped up campaigning by parties here for a general election due later this year.

St John said that despite problems with the Caribbean Community and international recession, the government had had a creditable socio-economic performance.

The success that we have achieved in the past in energy development, in agricultural diversification, and in service development in the face of the recession, indicates that this political party's vision of a viable economic future for Barbados is a valid one, he asserted.

The prime minister said the government would continue to promote Barbados' development in the areas of tourism, services and manufacturing.

He said that greater concentration of resources will be needed to promote marketing skills and entrepreneurial capacity.

We must master all of the preconditions for trading in the United States and Caricom and wider Caribbean, including Suriname, the Dominican Republic and Puerto Rico, he added.

Our experience with recession in the Caribbean ought to have taught us that the Barbados market together with the Caribbean market is not large enough to provide the purchasing power needed to support an industrialized effort large enough to give employment to the numbers required in industry.

The breakthrough we have made in marketing winter vegetables in Europe and foundation garments in the U.S. ought to inspire us to greater effort, St John added.

He described his party's record of the last five years as one of which the party and government can be justly proud.

There can be no doubt that in the face of worldwide economic recession Barbados has continued to make steady progress, he asserted

Unemployment, running at about 21 per cent, is one of St John's major problems.

He said the party would continue its efforts to ensure that the social consequences of umemployment are relieved by the provision of social services within our means.

This will be pursued in tandem with our effort to restructure and expand our economic base, he said. Overwhelming evidence is now available that the measures taken by the government during the most recessionary period is the history of this country have achieved a substantial measure of success.

The party leader said inflation had been reduced to single digits, and construction was again on the rise, financed to some extent by savings generated by tax incentives introduced by the BLP.

Prudent borrowing from institutions of which we are member and on the world market have enabled us to continue a capital works programme designed to improve the infra-structure in Barbados, the prime minister said.

He told the party members and supporters the public sector deficit was now less than six per cent of the gross domestic product (GDP), and the debt service ratio was one of the lowest in the world according to World Bank.

GRENADA

COMMISSION FAILS TO LIMIT PRIME MINISTER TERM

FL271435 Bridgetown CANA in English 1920 GMT 25 Jan 86

[Text] St Georges, Grenada, Jan 25, CANA -- Grenada's Labour Minister Dr Francis Alexis has criticised the failure of the government-appointed Constitution Commission to devise proposals for limiting the holder of the office of prime minister to a specified period.

The commission was headed by retired St Kitts-Nevis Governor Sir Fred Phillip and included Professor Ralph Carnegie of the University of the West Indies.

The commissioners terms of reference had asked for recommendations on how to go about restricting a prime minister's tenure to two consecutive terms but in their report last November, they said it was a political matter with which they were not competent to deal. It seems to me that the commissioners see this (issue) as a hot potato and opted out of it which is just simply not good enough, Alexis, a lawyer, told CANA.

It really does not help the region when they opt out of those sort of situations and pass the buck, he added.

Alexis stressed that when these legal experts, highly regard as persons who might be able to provide guidance on such delicate issues, fail to make any positive reccomendations it defeats the purpose for which they have been turned to in the first instance. Asked whether the Grenada Government was still committed to pursuing its pledge to limit the tenure in office of the prime minister, he said this is still an official policy of the one-year old administration.

Certainly speaking for myself, I am fully committed to the notion that no one should be prime minister in our particular situation in Grenada for more than two consecutive terms or terms of not more than ten years... Alexis added.

The government is considering the commission's report.

DUVALIER APPOINTS NEW MILITARY UNIT LEADERS

PA270337 Paris AFP in Spanish 0121 GMT 27 Jan 86

[Text] Port-au-Prince, 26 Jan (AFP) -- An official communique issued today stated that Haitian President Jean-Claude Duvalier dissolved the Permanent Investigation Commission of the Dessalines Barracks (official name of the Haitian Political Police) and made important changes within the Haitian Army.

Duvalier ordered the transfer of 11 senior officers to the reserves, replaced the chiefs of two "strategic" combat units of the Armed Forces -- the Tactical Battalion of the Dessalines Barracks and the "Leopards" antiguerrilla corps -- as well as the chiefs of the Haitian Air Force and Navy.

The 11 senior officers affected by retirement are Colonel Albert Pierre and Lieutenant Colonel Emmanuel Orcel, -- two top political policy leaders -- Colonels Willy Gaillard (aviation commander), Francis Charles and Antoine Charles, Lieutenant Colonels Raymond Cabrol (commander of the Leopards), Delius P. Calixte (transmissions commander), Jean Henock Clerisme, Reynold Desnoyer, Samuel Jeremie, and Major Joffre Carre.

Another senior officer, Major Yonel Elysee, was discharged.

The new officers appointed by the Haitian President are:

Colonel Jean-Claude Paul, new commander of the Tactical Battalion of the Dessalines Barracks. He was formerly the second in command of that unit.

Colonel Fritz Romulus, chief of the Leopards Corps. Romulus was responsible for the security of Jean-Claude Duvalier in the early 1970's, was forcefully retired in September 1983, and now has been reinstated in the Army.

Colonel Cecilio Dorce, chief of aviation. He was formerly a Haitian military attache in Washington.

Colonel Prosper Avril, inspector of the Presidential Guard. He was forced to retire in September 1983. He is considered to be a close friend of Duvalier and has now been reinstated.

The president reinstated to the Army three other senior officers who were retired in September 1983: Colonels Acedius Saint Louis, as deputy chief of the general staff; Louis Thony Jr, as chief of the Army Juridical Service; and Gerard Lacrete, as ground, sea, and air military attache in the United States.

The anticontraband brigade under Colonel Albert Pierre was also dissolved by President Duvalier.

It may be recalled that since 28 November, President Duvalier has been facing the most serious internal political crisis since his rise to power in 1971. The government has kept schools and universities closed since 8 January.

LARGE ANTI-DUVALIER DEMONSTRATION HELD AT RESORT

PA271257 Buenos Aires REUTER in Spanish 1210 GMT 27 Jan 86

[By Phil Davison]

[Text] Cap Haitien, Haiti, 27 Jan (REUTER) -- Thousands of people shouting "Down with Duvalier" took to the streets at this Haitian resort and troops with sticks entered the cathedral during one of the largest protest demonstrations ever staged against President Jean Claude Duvalier.

Foreign tourists, most of them U.S., French, and Canadian citizens, were trapped in these incidents at this northern port where Christopher Columbus landed in 1492 and which is Haiti's most picturesque tourist center.

A U.S. family told REUTER that as they were driving through the narrow streets to their hotel yesterday, a group of demonstrators tried to overturn their car and threw paint on the windshield. They added that the group later allowed them to continue to their hotel without further problems.

Foreign newsmen who toured the town later found a less tense situation and confirmed that most of the people had a friendly attitude and were more than willing to talk with the press.

It was reported that some people were hurt, apparently victims of the blows dealt by the soldiers, but no one was seriously injured when the troops fired live ammunition in the air, hurled tear gas at the demonstrators, and struck several people inside the cathedral during the evening mass, eyewitnesses reported.

The demonstrators, most of them adolescents, some armed with sticks, attacked a gas station, apparently in an effort to set it afire. However, soldiers and militiamen forced them to retreat.

Groups shouting "A Bas Duvalier" (down with Duvalier) stoned the studios of the Cap Haitien radio station, accusing it of airing propaganda favorable to Duvalier.

These demonstrations showed the level of intensity reached by the anti-Duvalier movement in these past 2 months ever since security forces killed three students during a similar march staged in Gonaives on 27 November.

The majority of Haitians have criticized Duvalier, who has been ruling for almost 15 years, and his father Francois "Papa Doc," who led the country for 13 years, for some time; however, now more and more of them are willing to assume the risk of reprisals for speaking openly about it.

Residents said that yesterday's protests were staged after the distribution of anonymous pamphlets throughout the town the night before, calling the people to participate in a large protest set for the afternoon hours.

During the mass, those attending it began to shout anti-Duvalier slogans right after the final prayer, these residents added.

Many townspeople told reporters that there is no doubt that the Duvalier government will end soon, certainly this year. Several predicted that the Army will take over, thus beginning a period of military rule that will lead to democracy.

"We are desperately hoping for a change," a student told REUTER. "We don't care what kind of change it is, in the beginning, as long as it means getting rid of this man Duvalier."

Troops Patrol Streets

FL127936 Bridgetown CANA in English 1806 GMT 27 Jan 86

[Text] Cap Haitien, Haiti, Jan 27, CANA-REUTER -- Troops patrolled the streets of this resort town today following anti-government protests yesterday in which foreign tourists were attacked and soldiers invaded a Roman Catholic cathedral.

Fuel tankers were in the streets this morning and service stations were closed and encircled by troops or militiamen. One station was attacked by protesters yesterday and a pump was ripped off its foundation.

The protests were the worst against President-for-Life Jean-Claude Duvalier ever seen in Cap Haitien, Haiti's second largest town after the capital Port-au-Prince.

A U.S. family which asked not to be identified told REUTER they were driving through the narrow streets towards their hotel when a group of demonstrators rocked their car, threatening to turn it over, and sprayed the windscreen with paint.

We were pretty scared, particularly the kids, the father said. For a moment, I was prepared to kill, to drive over them, just to get out of there. But they let us go.

At least a dozen soldiers, armed with rifles and clubs, entered the cathedral at the end of morning mass. Witnesses said the troops scuffled with worshippers at the back of the cathedral and clubbed several people.

Later, thousands of youths marched through the towns narrow streets, chanting Down with Duvalier. A few minor injuries, apparently from clubbings by soldiers, were reported. Troops fired live rifle rounds in the air and threw tear gas to turn back the protesters.

The demonstrators, mostly teenagers and some carrying sticks, stoned the studios of the Cap Haitien radio station, accusing it of broadcasting only pro-Duvalier propaganda.

The demonstration emphasized the momentum the anti-Duvalier movement has gained in the past two months, since three students were killed by security forces during a similar demonstration in the town of Gonaives on November 27.

Previous, smaller protests here and in Gonaives were strictly anti-Duvalier and were not antagonizing the Army, often chanting pro-military slogans, but that appeared to be changing.

Many people here had looked to the army for liberation. But this has changed everything, said a teenage student, speaking of the cathedral incident. He predicted more and bigger demonstrations in coming days.

Some young men said they would favour a U.S. takeover of their country so long as Duvalier, president since 1971 when he succeeded his father Francois Papa Doc Duvalier, was removed.

SOVIET TRADE DELEGATION SIGNS BAUXITE AGREEMENT

FL241543 Bonaire Trans World Radio in English 1130 GMT 24 Jan 86

[Text] Guyana has agreed to resume supplying bauxite to the Soviet Union. The agreement was reached during a visit to Guyana by a Soviet trade delegation.

The six-member delegation was headed by the minister of foreign trade in Moscow. The group spent 1 week in Guyana during which talks were held with Guyanese team headed by the permanent secretary and the local minister of trade.

A statement issued at the end of the talks said a memorandum of understanding was also formalized dealing with the possible areas of cooperation in the future.

The leader of the Guyanese delegation said the contents of the bauxite contract are the end product of a harmonious combination of discussions. The head of the Soviet delegation said the contract marks one step more in the development of trade and economic relations between Guyana and the Soviet Union.

Barter Contract

FL251550 Bridgetown CANA in English 1538 GMT 25 Jan 86

[Text] Georgetown, Guyana, Jan 25, CANA -- Guyana will supply the Soviet Union with bauxite under a long-term barter contract signed here yesterday.

Guyana will be paid in agricultural machinery, electronic equipment, and pharmaceuticals in short supply here because of the country's prolonged foreign exchange crisis.

Guyana is also to benefit from experts coming from the Soviet Union to teach in the faculty of medicine at the University of Guyana.

No details were given about the contract, signed at the end of a week-long visit by a Soviet delegation, but Guyana Government sources had earlier said it will last seven years.

The two sides also signed a memorandum of understanding dealing with possible areas of co-operation in the future.

Possible co-operation in gold and diamond mining was also discussed. No further details were given.

Head of the Guyana delegation Patrick Mootoo described the arrangements as a harmonious combination of air packages.

The head of the Soviet delegation, Nikolai Vasilyvich Zinovyev, said it was the policy of the Soviet Communist Party to deepen co-operation with the developing countries to assist them on their road to economic development.